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to March 31, 1966

Alberta

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TO THE HONOURABLE DR. DAVID CARTER
Speaker of the Legislative Assembly
of the Province of Alberta

Sir:

I have the honour herewith, for the information of the Legislature of Alberta, to present the thirteenth Annual Report of the Department of Federal and Intergovernmental Affairs, covering the period from April 1, 1985 to March 31, 1986.

I have the honour to be, Sir,

Your Obedient Servant,

James D. Horsman, Q.C.
Minister of Federal and
Intergovernmental Affairs

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THE HONOURABLE JAMES D. HORSMAN, Q.C.
Minister of the Department of Federal
and Intergovernmental Affairs

Sir:

I have the honour to submit herewith the thirteenth Annual Report of the Department of Federal and Intergovernmental Affairs covering the period from April 1, 1985 to March 31, 1986.

I have the honour to be, Sir,

Yours truly,

A.G. McDonald
Deputy Minister of Federal and
Intergovernmental Affairs

Edmonton
March 16, 1987

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The Department of Federal and Intergovernmental Affairs

The basic objectives of the department of Federal and Intergovernmental Affairs are to represent Alberta's interests as an equal partner in Confederation and to ensure that all activities of the Government of Alberta in relation to the Government of Canada, governments of other provinces and the territories, and the governments of foreign countries or states are conducted in a coordinated and consistent manner. The **Department of Federal and Intergovernmental Affairs Act, 1972,** established the terms of reference for the minister and the department. The responsibilities outlined in the Act may be summarized as follows:

- coordinating the Alberta government's activities in the intergovernmental sphere to ensure that they are consistent with the overall objectives of the Alberta government;
- conducting an ongoing review of the policies, programs, and activities of other governments which may affect Alberta; and
- signing all intergovernmental agreements.

While the administration of programs and, in most cases, the articulation of specific policy positions remains within other departments of the Alberta government, it is the responsibility of Federal and Intergovernmental Affairs to ensure coordination, consistency and continuity in government policies when other governments are involved.

Operation and Organization

The operation of the department remained under the direction of James F. Dinning during most of the reporting period. Mr. A.G. McDonald assumed responsibilities as deputy-minister on March 1, 1986.

The department was reorganized during the reporting period with the merger of the Research and Planning division and the Social and Cultural Affairs division. The formation of the new division, Constitutional, Fiscal and Social Affairs occurred in July 1985. The Resources and Economic Development division and the International division constituted the other functional divisions of the department, with Administration and Communications continuing to provide essential services to the department. (See Appendix I - Organization Chart.)

The structure of the department provides for contact with all provincial departments. Intergovernmental senior officers are assigned responsibility in specific areas so that they are aware on a continuous basis of current developments that may affect Alberta's intergovernmental position.

Resources and Economic Development

The **Resources and Economic Development** division is responsible for providing advice to the government on the intergovernmental aspects of economic and natural resource development issues. In this regard, the division performs a coordinating function and has a responsibility to ensure that within the intergovernmental setting, Alberta's goals and objectives are achieved in: energy, agriculture, economic development, forestry, lands, wildlife, tourism, transportation, utilities, consumer and corporate affairs, public safety services, national defence, and national parks policy. The division is also responsible for maintaining close links with the Governments of the Yukon and Northwest Territories.

The division is responsible for the administration of the **Canada-Alberta Economic and Regional Development Agreement** - a ten-year umbrella agreement to facilitate joint planning and programming in pursuit of Alberta's economic and regional development objectives (see page 16).

Considerable energies were expended on energy and agriculture issues (see page 14, 15).

Other major activities included:

- discussions with officials from the federal government, Saskatchewan, and project sponsors on plans to build a heavy oil upgrader near Lloydminster, Saskatchewan. These discussions focused on implementing a process to ensure the free flow of goods, services and workers from Alberta to the upgrader site;
- amendments to the **Primrose Lake Air Weapons Range Agreement** to provide for the development of commercial oil sands projects;
- a submission to the federal government in support of proposed changes to the **National Transportation Act** which acknowledged the "captive shipper" situation facing Alberta rail users, and recognize the need for a regulatory environment conducive to increasing transportation efficiencies;
- a submission on changes to the **Western Grain Transportation Act** of which the prime recommendation was to change the method of paying the "Crow Rate Benefit" to the producer rather than the railways in order to encourage expansion and processing in the livestock and feed grain sectors;
- continued negotiations with the Department of National Defence regarding procedures for testing cruise missiles over Alberta;
- a Canada-Alberta agreement clarifying roles and responsibilities for environmental impact assessments; and
- a submission to the federal government on proposals related to intellectual property included in the report **A Charter of Rights for Creators**.

Constitutional, Fiscal and Social Affairs

The principal functions of the new **Constitutional, Fiscal and Social Affairs** division are to monitor initiatives by other governments, conduct research, and develop policy recommendations for Alberta in the areas of constitutional reform, aboriginal constitutional matters, institutions of federalism, and intergovernmental consultative mechanisms, as well as general federal-provincial and interprovincial relations, fiscal federalism, and special projects which relate to the operation of the federal system. The division also coordinates, investigates and makes recommendations on intergovernmental aspects of education, manpower, immigration, health and medical care, social services, justice, human rights, culture, labour, Native issues, municipal affairs, recreation, housing, the status of women, and the Banff-Jasper Townsite issue.

Constitutional, Fiscal and Social Affairs was actively involved in the preparatory process leading to the third First Ministers' Conference on Aboriginal Constitutional Matters held in Ottawa, April 2-3, 1985, and in follow-up consultations. It also was involved in federal-provincial negotiations culminating in the following major new agreements: the **Canada/Alberta Immigration Agreement**; the **Memorandum of Understanding on Native Development**; the **Global Agreement on Social Housing**; and the federal-provincial **Lottery and Sports Funding Agreement**.

The division was responsible for organizing and coordinating the Western Premiers' Conference hosted by Alberta in Grande Prairie from May 13-15, 1985. It was also involved in coordinating the briefing preparations for the Annual Premiers' Conference, August 20 and 21 and the Annual First Ministers' Conference, November 28 and 29.

Further activities included:

- an assessment of Senate reform proposals;
- analysis and review of proposals for constitutional change put forward by the Parti Quebecois;
- analysis of the recommendations of the federal task force on program review (Nielsen Task Force) and its implications for Alberta;
- preparation of a weekly report summarizing Alberta government and legislature activities, for distribution through the Alberta office in Ottawa to Alberta Members of Parliament;
- preparation of a monthly list of anticipated intergovernmental conferences and meetings; and
- a coordination and liaison role with the federal government on requests to the province under the **Access to Information and Privacy Acts.**

International

The **International division** is responsible for monitoring and coordinating Alberta's international initiatives. It also is responsible for reviewing and making recommendations on provincial policies, programs, and activities that relate to Canada's foreign and trade policies, as well as developments and policies in other countries.

During 1985-86, the International division focused attention on trade objectives. It assisted in outlining Alberta's interests, priorities and concerns regarding bilateral and multilateral trade negotiations. In particular, the division monitored Canada/U.S. trade and trade policy developments. To support efforts to remove trade barriers and oppose protectionism in the U.S., close relations with the U.S. congressmen, governors and legislators were nurtured by Premier Lougheed and Mr. Horsman. The establishment of the Alberta Cabinet International Trade Negotiations Task Force and the appointment of an Alberta Trade Representative helped to provide a mechanism to further coordinate and direct Alberta's involvement in trade negotiations.

The International division continued to concentrate on Alberta's relations with Asia, with special emphasis on Alberta's three largest Asian trading partners; Japan, China and Korea and the special relationships Alberta has within those countries. The division was involved with numerous international visits, including those of a number of foreign dignitaries. The division coordinated the visit to the province by Soviet Politburo member, Vitaly Vorotnikov, chairman of the council of ministers of the Russian Soviet Federated Socialist Republic. The visit provided an opportunity to hold discussions on Alberta/Soviet trade and exchanges with Premier Lougheed and Alberta ministers. Hokkaido Governor Yokomichi's visit to the Province highlighted the fifth anniversary of the formal affiliation between the Japanese province and Alberta.

International energy issues continued to be the focus of considerable attention by the division. World oil prices started to decline substantially, posing a significant challenge to Alberta's strength and vitality.

Increased participation by provincial representatives at international consultations and negotiations have assisted in enhancing the province's interests on issues of direct relevance to Alberta.

Communications

The Communications division provides public relations counsel and information services to the department, and acts in an advisory and coordinating role for out-of-province and foreign offices.

In fulfilling its responsibilities in the organization of and participation in special projects, Communications became involved in a number of major events in Alberta in 1985. These included the Western Premiers' Conference in Grande Prairie in May; the visit by Politburo member Vitaly Vorotnikov, Chairman of the Council of Ministers of the Russian Soviet Federated Socialist Republic and his delegation in May; and the Canada-U.S. Legislative Project Conference on Tourism in Banff, and the visit by Hokkaido Governor Yokomichi both in September. International activities included the Director's participation in the Annual National Conference of State Legislatures' meeting in Seattle in August; and the State Legislative Leaders Foundation meeting in Phoenix Arizona and the Canada-U.S. Legislative Project Conference on Culture in La Jolla, California in February, 1986.

As well, the Director represented the government on Edmonton Mayor Laurence Decore's official visit to Harbin, Heilongjiang, for the twinning of the two capital cities.

Visits by the Director to Alberta's foreign offices included New York in April, and Tokyo in December of 1985, and Los Angeles in February, 1986; and to Canadian Consulates in New York, Chicago and Los Angeles.

The Communications division continued to produce "The Asia-Alberta Exchange" newsletter, and expanded coverage to include Alberta's activities in other Asia countries plus the three sister provinces. Among the extensive support services provided to the special relationships program, were initiation of an audio-visual program and the promotion of the Heilongjiang Handbook. The Handbook was developed to assist Albertans travelling to the Chinese province on business, to work, and as tourists. The unit also was responsible for the production of various publications and documents, and participated on the editorial board of Alberta Venture magazine, and the steering committee for Alberta at Expo '86.

Alberta's increased emphasis on promoting a free trade arrangement between Canada and the United States resulted in a new thrust in speech preparation and distribution, particularly when Mr. Horsman became the province's designated minister responsible for trade negotiations. In the last month of the reporting year, the Office of the Alberta Trade Representative was established and the unit assumed responsibilities for its communications requirements.

Communications remains the primary contact with the news media through the preparation of news releases, arrangement of interviews and news conferences, and response to direct inquiries for information. As well, the "gift bank" was maintained for department purposes, while gift preparation and advice to other government departments and the private sector increased substantially. The unit coordinated the decoration of the Alberta lounge in the Canadian Pavilion at Expo '85 in Tsukuba, Japan.

Administration

The **Administration** division is responsible for the provision of general administrative and financial support services for the department including personnel, finance, library and records management. This includes the coordination and control of the administrative and financial aspects of all out-of-province offices.

As in previous years, a significant amount of work conducted by the division was in support of the Alberta out-of-province offices. Particular emphasis was placed upon further development of the financial reporting systems as well as assisting newly appointed foreign office staff settle into their new posts.

The department's personnel area began a comprehensive survey of the standard of employment terms and benefits in foreign locations. This survey will assist in setting the terms and conditions for locally hired Alberta foreign office staff.

The division also was involved in providing administrative support to the Western Premiers' Conference held in Grande Prairie in May.

Ottawa Office

The **Ottawa office** monitors federal government activities to provide up-to-date information on developments affecting Alberta. Close contacts are maintained with federal cabinet ministers, Members of Parliament and government officials to advise them of Alberta's policies and concerns. To facilitate communications between the two orders of government, a weekly report summarizing current federal developments is prepared by the office and sent to Alberta cabinet ministers and government departments, along with relevant news clippings from major eastern papers.

During 1985-86, the office closely monitored such key issues as free trade, agriculture and energy. The office follows Parliamentary proceedings and reports to Alberta daily.

A number of meetings were arranged for Alberta ministers and federal ministers as well as Alberta Members of Parliament. Administrative assistance was provided for the Annual First Ministers' Conference and the First Ministers' Conference on Aboriginal Constitutional Matters. The office also assisted in arranging receptions for the convention bureaus of the cities of Edmonton and Calgary. The office welcomed businesspeople and other Albertans who required assistance while visiting Ottawa.

Information briefings on provincial policies were given to diplomats, businesspeople and academics. The office continued to provide public information on provincial programs, tourism and employment opportunities in Alberta.

Selected Events

1985

April 2-3 Third First Ministers' Conference on Aboriginal Constitutional Matters in Ottawa.

April 25 Mr. Horsman addressed the Financial Post/Air Canada Conference on free trade, held in Toronto.

April 26-30 The Minister visited the New York office and held meetings with members of the financial and academic communities. In Chicago, he met with the new Canadian Consul, Tony Halliday, and guest lectured to Canadian Studies students at Northwestern University.

May 6-8 Premier Lougheed went to Washington D.C. and met with senior Cabinet Secretaries and members of Congress to gauge prospects for Canada/U.S. trade. Premier Lougheed wrote to Prime Minister Mulroney urging him to take advantage of this window of opportunity to get a free trade agreement with the U.S.

May 13-15 Alberta hosted the Western Premiers' Conference in Grande Prairie.

May 29 to June 1 A delegation led by Soviet Politburo member Vitaly Vorotnikov, Chairman of the Council of Ministers of the Russian Soviet Federated Socialist Republic, visited Lethbridge, Edmonton, Fort McMurray and Calgary; and met with provincial Cabinet Ministers.

June 1-13 In Tokyo, Mr. Horsman met with Canada's Ambassador to Japan and Japanese officials. In Harbin, Heilongjiang, China, Mr. Horsman called on Governor Chen and met with Alberta teachers and agricultural consultants. While in Beijing, he met with representatives of the Chinese People's Institute of Foreign Affairs, Chinese officials, and the Canadian Ambassador to China.

June 14 Premier Lougheed chaired the Daqing Oilfield Seminar in Edmonton, where representatives of 75 of Alberta's oil and gas companies met to discuss strategy for closer interaction with Heilongjiang's Daqing Oilfields.

June 15-18 Alberta participated as part of the Canadian delegation to the Mixed Economic Commission meetings with the Soviet Union in Moscow.

August 2 In Vancouver, federal and provincial ministers, including Mr. Horsman, met with U.S. Congressman Sam Gibbons to discuss softwood lumber and other trade related issues.

August 4-7 Annual meeting of the National Conference of State Legislatures in Seattle, Washington. Mr. Horsman addressed the Foreign Trade Committee on Canada-U.S. Free Trade.

August 5-6 Premier Lougheed led a delegation of seven Premiers to address the National Governors Association annual meeting in Boise, Idaho on the subject of Canada/U.S. trade.

August 20-21 Twenty-sixth Annual Premiers' Conference in St. John's, Newfoundland.

September 5-7 Canada-U.S. Legislative Project Conference on Tourism in Banff. Mr. Horsman is the Canadian co-sponsor of the project.

September 9-10 Mr. Horsman participated in a conference on free trade sponsored by the Retail Council of Canada in Ottawa.

September 11 Energy Minister John Zaozirny and Mr. Horsman addressed the Conference on Assessing the New Canadian Energy Policy at Johns Hopkins University in Washington, D.C.

September 17-20 Governor Takahiro Yokomichi of Hokkaido, Japan visited Alberta to commemorate the fifth anniversary of the formal affiliation between Alberta and Hokkaido. He visited Edmonton, Calgary and Banff, and met with Premier Lougheed, Cabinet Ministers, and members of the business and academic communities. Two new areas of cooperation identified were greater economic interaction and cold weather science and technology.

September 25 Lieutenant-Governor George Ryan, State of Illinois, visited Alberta and held meetings with Cabinet Ministers and the private sector.

November 28-29 Annual Conference of First Ministers in Halifax, Nova Scotia. Full provincial participation in trade negotiations was agreed upon by First Ministers.

1986

January 4-10 Hawaiian trade delegation visited Alberta.

January 7 First meeting was held of the Continuing Committee on Trade Negotiations as a federal-provincial forum at the officials level for discussions of the trade negotiations.

February 2 Alberta chaired a meeting of provincial ministers responsible for trade negotiations at which an interprovincial consensus on full provincial participation was developed.

February 3	The Cabinet International Trade Negotiations Task Force was established with Mr. Horsman as chairman. The following month, the Office of the Alberta Trade Representative reporting to the Cabinet International Trade Negotiations Task Force was established and Harold Millican was appointed.
February 7-9	As the first foreign member of its board of directors, Mr. Horsman attended a meeting of the State Legislative Leaders Foundation in Phoenix, Arizona.
February 10-11	In Los Angeles, the Minister met with Canadian Consul General Joan Winser and numerous California business people with specific interests in Alberta.
February 13-15	Canada/U.S. Legislative Project Conference on Culture in La Jolla, California, co-chaired by Alberta.
February 20-21	First meeting of the Montana/Alberta Boundary Advisory Committee in Helena, Montana. The Minister is the Alberta Chairman of the Committee.
March 1	Mr. Al G. McDonald was appointed Deputy Minister of the department.
March 10-11	The department organized and hosted a two-day meeting of Canadian provinces and U.S. states who have sister relationships with counterparts in China to exchange views on our representative affiliations. Alberta has had a sister relationship with Heilongjiang in China since 1981. This was the first such event held in Canada.

Conference Activity

In 1985, Federal and Intergovernmental Affairs continued to participate in many federal-provincial, interprovincial and regional conferences. The extent of the department's participation depends, to a large degree, on the level of the conference, the agenda and the location.

Intergovernmental conferences have become an important and recognized mechanism for making adjustments within the federal system. The number of federal-provincial and interprovincial conferences reflects the extent to which the activities of one government affect the activities of the other, and the consequent need for intergovernmental consultation and coordination.

Federal-Provincial Activity

The following tables on federal-provincial meetings and conferences take into account all meetings at the first ministerial, ministerial, and deputy ministerial levels in which Alberta was a participant.

Table I classifies the meetings into three categories: **bilateral** - meetings between representatives of the Government of Alberta and representatives of the federal government; **regional** - meetings between representatives of the Government of Alberta, one (or more) other western provinces, and the federal government; and **multilateral** - meetings between representatives from all or most of the provinces and territories, and representatives of the federal government.

Table II identifies the federal-provincial meetings and conferences according to the level of representation of which Alberta was a participant. Three levels of representation are isolated: **first ministerial, ministerial** and **deputy ministerial.**

Tables III and IV present the total number of federal-provincial conferences by level of representation broken down into a cross-reference of areas of governmental activity. As such, these tables highlight those policy areas which required the most attention in terms of meetings and conferences, and which level of representation was required for consideration of the subject. The tables indicate the vast and complex network of meetings and conferences. The figures represent meetings which were convened in response to a particular concern or situation, as well as those meetings which are held on a continuing basis and have become more permanent intergovernmental mechanisms.

Table I

Frequency of Federal-Provincial Meetings and Conferences According to Category — Alberta Participation, 1985

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bilateral	0	3	1	1	3	0	1	1	3	2	1	1	**17**
Regional	1	0	1	0	0	0	0	0	0	3	0	0	**5**
Multilateral	15	9	5	6	12	5	7	3	20	9	6	6	**103**
Total	**16**	**12**	**7**	**7**	**15**	**5**	**8**	**4**	**23**	**14**	**7**	**7**	**125**

Table II

Frequency of Federal-Provincial Meetings and Conferences According to Category and Level of Representation — Alberta Participation, 1985

	Bilateral	Regional	Multilateral	Total
First Ministerial	1	0	4	**5**
Ministerial	5	5	51	**61**
Deputy Ministerial	11	0	48	**59**
Total	**17**	**5**	**103**	**125**

Table III

Frequency of Federal-Provincial Meetings and Conferences According to Category and Area of Government Activity — Alberta Participation, 1985

	Bilateral	Regional	Multilateral	Total
Constitution	0	0	2	2
General Government	3	0	2	5
Finance	0	0	11	11
Agriculture	2	0	2	4
Transportation	1	0	2	3
Education	0	0	6	6
Energy and Resources	0	5	4	9
Environment	0	0	7	7
Manpower-Labour	3	0	10	13
Statistics	0	0	0	0
Welfare	0	0	4	4
Health	1	0	4	5
Industry	3	0	9	12
*Trade	0	0	6	6
Urban Affairs	2	0	4	6
Justice and Laws	0	0	5	5
Consumer Affairs	0	0	4	4
Communications	0	0	2	2
**Aboriginal Constitutional Matters and Native Affairs	2	0	4	6
***Status of Women	0	0	4	4
Miscellaneous	0	0	11	11
Total	**17**	**5**	**103**	**125**

NOTE: **In previous annual reports meetings on Trade were included under a combined "Industry and Trade" category.*
***In previous annual reports Aboriginal Constitutional Matters were included under the "Constitution" category.*
****In previous annual reports Status of Women meetings were included under the "Manpower-Labour" category.*

Table IV

Frequency of Federal-Provincial Meetings and Conferences According to Level of Representation and Area of Government Activity — Alberta Participation, 1985

	First Ministerial	Ministerial	DM	Total
Constitution	0	5	1	6
General Government	1	0	4	5
Finance	3	5	3	11
Agriculture	0	2	2	4
Transportation	0	2	1	3
Education	0	4	2	6
Energy and Resources	0	8	1	9
Environment	0	4	3	7
Manpower-Labour	0	4	9	13
Statistics	0	0	0	0
Welfare	0	2	2	4
Health	0	4	1	5
Industry	0	8	4	12
Trade	0	1	5	6
Urban Affairs	0	2	4	6
Justice and Laws	0	2	3	5
Consumer Affairs	0	2	2	4
Communications	0	0	2	2
Aboriginal Constitutional Matters and Native Affairs	1	2	4	7
Status of Women	0	3	1	4
Miscellaneous	0	6	5	11
Total	**5**	**66**	**59**	**130**

During the 1985 calendar year, Alberta participated in five conferences/meetings at the First Minister level. These included the Annual Conference of First Ministers in Regina, February 14-15 and in Halifax, November 28-29, as well as a private meeting of First Ministers in Ottawa on April 4. All First Ministers participated in the third Conference on Aboriginal Constitutional Matters in Ottawa, April 2-3. Prime Minister Mulroney and Premier Getty also met privately at Government House in Edmonton on November 6.

Several of the meetings in the "Finance" category were held to discuss federal-provincial economic policies and fiscal relations.

The relatively high number of meetings in the "Manpower-Labour" category can be attributed, in part, to federal-provincial consultations held to negotiate renewal agreements to the **National Training Act** agreements which expire on March 31, 1986.

The meetings under the "Industry" category encompassed contacts relating to the development of industry, regional economic development, science and technology, and investment promotion. The meetings under the "Trade" category include those dealing with free trade consultations with the United States.

The "Miscellaneous" category includes meetings in the areas of tourism, culture, emergency planning, public works, and government services.

Many federal-provincial conferences are served by the Canadian Intergovernmental Conference Secretariat (CICS), a permanent body jointly funded by federal and provincial governments. Services provided by the Secretariat include correspondence with delegates concerning conference arrangements and agenda, preparation of conference transcripts and summary statements, simultaneous French/English translation services, distribution of documents, and the maintenance of records. The Secretariat provides these services for all First Ministers' meetings, and is available to provide similar services and facilities for meetings of ministers and deputy ministers.

Interprovincial Activity

Considerable intergovernmental activity takes place among the provinces. Provinces meet to compare policy positions and to discuss matters of mutual concern and interest. Such meetings also afford the opportunity to discuss matters of an interprovincial nature. Sometimes, they are held prior to federal-provincial conferences, and participants discuss common concerns and attempt to reach a unified provincial position. Permanent mechanisms for interprovincial cooperation have been established in some instances. The pinnacle of interprovincial cooperation is the Annual Premiers' Conference. On a regional basis Alberta participates in the Western Premiers' Conference, which is usually held annually.

The following tables break down the various interprovincial meetings and conferences during 1985 into categories similar to those used for federal-provincial meetings.

Summary

Intergovernmental meetings are fundamental mechanisms in the conduct of federal-provincial and interprovincial relations. They provide an important forum for participants to exchange information and views, to attempt to resolve conflicts, and to reach agreement. At a time when there is increasing interdependence among governments, the interaction afforded by intergovernmental meetings is invaluable.

Table V

Frequency of Interprovincial Meetings and Conferences According to Category — Alberta Participation, 1985

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bilateral	0	0	1	1	0	0	1	0	0	1	3	0	7
Regional	0	0	0	0	1	1	0	0	0	0	1	0	3
Multilateral	4	1	0	1	0	1	3	4	10	2	0	3	29
Total	**4**	**1**	**1**	**2**	**1**	**2**	**4**	**4**	**10**	**3**	**4**	**3**	**39**

Table VI

Frequency of Interprovincial Meetings and Conferences According to Category and Level of Representation — Alberta Participation, 1985

	Bilateral	Regional	Multilateral	Total
First Ministerial	3	1	1	5
Ministerial	3	1	11	15
Deputy Ministerial	1	1	17	19
Total	**7**	**3**	**29**	**39**

Table VII

Frequency of Interprovincial Meetings and Conferences According to Category and Area of Government Activity — Alberta Participation, 1985

	Bilateral	Regional	Multilateral	Total
Constitution	0	0	0	0
General Government	5	2	2	9
Finance	0	1	0	1
Agriculture	0	0	1	1
Transportation	0	0	0	0
Education	0	0	3	3
Energy and Resources	1	0	2	3
Environment	0	0	0	0
Manpower-Labour	0	0	5	5
Statistics	0	0	0	0
Welfare	0	0	4	4
Health	0	0	3	3
Industry	0	0	0	0
Trade	0	0	3	3
Urban Affairs	0	0	2	2
Justice and Laws	0	0	1	1
Consumer Affairs	0	0	0	0
Communications	0	0	0	0
Aboriginal Constitutional Matters and Native Affairs	1	0	0	1
Status of Women	0	0	0	0
Miscellaneous	0	0	3	3
Total	**7**	**3**	**29**	**39**

Table VIII

Frequency of Interprovincial Meetings and Conferences According to Level of Representation and Area of Government Activity — Alberta Participation, 1985

	First Ministerial	Ministerial	DM	Total
Constitution	0	0	0	0
General Government	5	1	3	9
Finance	0	1	0	1
Agriculture	0	1	0	1
Transportation	0	0	0	0
Education	0	1	2	3
Energy and Resources	0	3	0	3
Environment	0	0	0	0
Manpower-Labour	0	1	4	5
Statistics	0	0	0	0
Welfare	0	2	2	4
Health	0	2	1	3
Industry	0	0	0	0
Trade	0	0	3	3
Urban Affairs	0	1	1	2
Justice and Laws	0	1	0	1
Consumer Affairs	0	0	0	0
Communications	0	0	0	0
Aboriginal Constitutional Matters and Native Affairs	0	1	0	1
Status of Women	0	0	0	0
Miscellaneous	0	0	3	3
Total	**5**	**15**	**19**	**39**

Conferences of Provincial Premiers

Provincial Premiers have been meeting annually since 1960. These interprovincial meetings are important features of the Canadian intergovernmental process, providing Premiers with the opportunity to study and discuss issues of mutual concern and interest. The timing of the Annual Premiers' Conference in mid-August presented an excellent opportunity for provinces to propose agenda items for the Annual First Ministers' Conference held in November.

Annual Premiers' Conference

The 26th Annual Premiers' Conference was held in St. John's, Newfoundland on August 21-23, 1985. Leaders of the governments of Yukon and Northwest Territories attended the Conference as observers, a practice begun in 1982. Agenda items for the Premiers' Conference included:

- Economy
- Federal/Provincial Relations
- Interprovincial Cooperation

Communiques from this conference are included in Appendix II. The following is a summary of the meeting highlights.

The Premiers discussed preparations for the upcoming First Ministers' meeting in Halifax, November 28-29. They felt discussions in Halifax should focus on jobs and the economy.

Transportation

The Premiers asked that the federal government give greater attention to the nine principles of regional economic development endorsed at the Regina First Ministers' Conference. In addition, they called upon the federal government to recognize that transportation and viable transportation links are key to regional economic development.

Employment

The Premiers asked that the federal government postpone the September 5 deadline for implementation of the employment development policy to allow for more consultation with the provinces. They expressed concerns that federal funding for job creation had declined; that proposed federal programs duplicate existing provincial programs; that programs would not be sensitive to regional needs; that increased emphasis on the private sector would interfere with the role of provincial educational institutions; and that provincial governments would be excluded from direct sponsorship of projects.

Tax Reform

In discussing tax reform, the 10 Premiers asked for a fairer and less complex national tax system. Provincial finance ministers were instructed to study reform proposals and report to the Premiers prior to the Halifax First Ministers' Conference in November.

Monetary Policy

The Premiers discussed monetary policy and stressed that the dollar be allowed to find its market. Provincial finance ministers were asked to review the role of the Bank of Canada and its relationship with the federal government, and the need for continuing provincial input in setting Canada's monetary policy.

Agriculture and Fisheries

In discussing the serious problems faced by the agriculture and fisheries industries in Canada, the Premiers endorsed several principles to guide government action. These included increased intergovernmental consultation and cooperation, increased assistance in transition to new technology, and development of new financing arrangements to assist agriculture and fisheries industries. It also was agreed that agriculture and fisheries should be given priority in upcoming General Agreement on Trade and Tariffs (GATT) negotiations.

Free Trade

Extensive discussions and debate centered on free trade negotiations with the United States. The majority of Premiers, led by Premier Lougheed, advocated that negotiations between the federal government and the United States proceed.

Federal/Provincial Relations

On the subject of federal-provincial relations, the Premiers rejected the May federal budget and were unanimous in their opposition to cuts in federal contributions to health, post-secondary education and equalization programs. They stressed the importance of equalization to Canadian Confederation. Finance ministers were again asked to review "established programs" financing arrangements and report back to the Premiers prior to the Halifax Conference.

Western Premiers' Conference

On May 13-15, 1985 Alberta hosted the Western Premiers at a conference in Grande Prairie. The department was responsible for the organization of the conference.

The agenda for the Western Premiers' Conference contained four major items:

- Opportunities in International Trade
- Investment and Taxation
- Regional Economic Development
- Federal-Provincial Cooperation

Communiques from the conference are included in Appendix III. The following is a summary of the meeting highlights.

Western Trade Objectives

The Premiers released a jointly-prepared position paper, **Western Canadian Trade Objectives for the Next Decade,** which outlined western interests, priorities and concerns regarding international trade negotiations. (see page 39).

Investment and Tax Reform

In their discussions about investment and tax reform, Premiers recommended that consideration be given to a national equity plan; that Canada's tax system be reviewed; and that interest rates be reduced as much as possible to preserve jobs, encourage equity investment, and increase consumer confidence.

Agriculture and Transportation

Premiers stressed the importance of agriculture and transportation policies to Western Canada and called upon the federal government to act in several ways to assist these industries. Specific proposals were suggested to correct the inequity between productivity and reward in the western agriculture industry: lower interest rates, adopt a uniform red meat stabilization program, reconsider increases in subsidized beef imports, and review grain stabilization programs.

Annual Conference of First Ministers

The Annual Conference of First Ministers was held on November 28-29, 1985 in Halifax. The meeting was the first Annual Conference to be held as a result of a Memorandum of Agreement signed by First Ministers on February 15, 1985. This Memorandum provides for a yearly conference of First Ministers and a jointly determined agenda, including a review of federal/provincial relations and a discussion of the Canadian economy.

The agenda items at the November Conference included:

- review of the state of federal/provincial relations;
- overview of the economic and fiscal situation;
- trade, agriculture and fisheries; and
- economic and social development.

No conference communiques were issued, although a document was released which outlined the arrangements agreed to by governments on the preparations for Canada-United States trade negotiations (see Appendix IV).

The following is a summary of meeting highlights.

Federal/Provincial Relations

The First Ministers reviewed federal-provincial accomplishments as well the challenges which remain (see Opening Remarks - Appendix IV). Premier Getty noted that Alberta will continue to insist on a full role in the development of national policies and in national decision-making. He noted a number of priority items which governments in Canada should work on. The Premier also noted the need for permanent job creation and the importance of building the vitality of the private sector and encouraging the profitability and strength of small business. He suggested that in building employment, Canada look to its energy sector and to the upgrading of agriculture and forestry resources. The Premier also strongly supported the federal government's endeavours to negotiate a comprehensive trade arrangement with the United States.

Fiscal Transfers to Provinces

The May 1985 federal budget announced that as part of its deficit reduction plan the government "will limit the rate of growth of transfers to provinces to yield annual savings of $2 billion by the end of the decade". The federal minister of finance, Michael Wilson, subsequently announced that transfer reductions would start in 1986-87. Premiers felt the May budget had indicated that the reduction would not begin until 1987-88. This was a contentious issue as provinces had not expected this change to fiscal arrangements only one year prior to the five-year review of the **Fiscal Arrangements Act.**

Free Trade

The focus of discussions on trade was the talks with the United States on free trade and, to a lesser extent, the GATT. Provinces generally endorsed trade talks with the United States, but emphasized the need for provinces to be involved. The federal government and the provinces agreed "to the principle of full provincial participation in the forthcoming trade negotiations between Canada and the United States, and in the GATT". Governments agreed to meet to determine how provinces would participate in the negotiation process.

Agriculture

First Ministers reached broad agreement on the need for a national agricultural strategy which would address western grain transportation, external trade policy and the debt crisis of Canadian farmers.

Premier Getty's Statement on the agriculture industry (see Appendix IV) stressed the need for a national long-term agricultural policy based on:

- promotion of regional growth of segments of the agriculture sector according to economic potential;
- enhancement of the long-term productivity and economic viability of the agriculture industry;
- improvement to incomes of primary producers and agricultural processors; and
- a long-term fixed-rate financing program and an effective national disaster program.

The Premier also set out Alberta's priorities in agriculture as follows: disaster relief, financing, method of payment of the Crow benefit, trade, red meat stabilization, transportation, feed grain marketing, and grain stabilization.

Fisheries

Fisheries ministers were instructed to proceed to solve some of the deep-seated structural problems facing the industry.

Women's Issues

Women's issues and regional economic development were discussed briefly under "economic and social development". First Ministers agreed with a statement from their ministers responsible for the status of women which committed their governments to achieve economic equality for women. They also endorsed placing women's issues prominently on the agenda for the next Annual Conference of First Ministers to be held in the fall of 1986. With respect to regional economic development a number of First Ministers noted the need to refocus national attention on this issue.

The Constitution

Senate Reform

Federal-Provincial Discussions

A constitutional amendment to limit the powers of the Senate had been proposed by the federal government to the provinces in March 1985. The impetus for this proposed amendment came about when the Liberal-dominated Senate delayed passage of Bill C-11, **An Act to Provide Borrowing Authority**, in late 1984 and early 1985. Although the federal minister of finance requested that the Senate give the Bill speedy passage, the Senate delayed the Bill on the grounds that it could not approve government borrowing for a future fiscal year before spending plans had been announced. The Senate eventually passed the Bill on February 27, 1985, one day after the 1985-86 budget estimates were tabled. The minister of finance argued that this delay cost taxpayers millions of dollars as more costly ways of borrowing had to be found during the period the senate held up passage of the Bill.

Under the proposed amendment to limit the powers of the Senate, the Senate would have 30 days to consider money bills and 45 days to consider non-money bills. If the Senate did not pass the bills sent to it by the House of Commons within these time periods, they would automatically receive Royal Assent, thereby becoming law, unless the House of Commons directed otherwise.

Intergovernmental Affairs minister, James D. Horsman wrote the then minister of Justice, John Crosbie, on March 21, to state Alberta's agreement in principle to the proposed constitutional amendment. Mr. Horsman stressed that this proposed amendment should not be seen as a final step in Senate reform. Mr. Horsman also requested that there be joint federal-provincial commitment to meaningful reform of the Senate, and that the proposed resolution on the Senate not be introduced until First Ministers had discussed it.

The Prime Minister wrote to all Premiers on March 26, 1985, with a revised text of the proposed resolution on the powers of the Senate. While most of the text remained unchanged, of great interest to Alberta was a new commitment in the preamble to the proposed resolution to hold a First Ministers' Conference on the Senate before the end of 1987. The Prime Minister indicated that, following proclamation of the constitutional amendment on the Senate's powers, the minister of Justice would convene a continuing committee of ministers on Senate reform to prepare for the proposed First Ministers' Conference.

On April 2, Mr. Crosbie responded to Mr. Horsman's letter of March 21, confirming that the continuing committee of ministers would have a broad mandate: all aspects of Senate reform including function or purpose, method of selection, basis of representation and powers of the Senate.

Following the First Ministers' Conference on Aboriginal Constitutional Matters, First Ministers discussed the proposed constitutional amendment during an April 4 breakfast meeting at the Prime Minister's residence. On April 11, Prime Minister Mulroney wrote to Premiers asking them to signify their support for the proposed constitutional amendment. Subsequently, eight of the ten Premiers wrote to the Prime Minister, indicating their support for the proposed amendment and their willingness to introduce resolutions in their respective legislatures. All provinces, except Manitoba and Quebec, were willing to provide such an undertaking. All eight Premiers who responded to the Prime Minister's request indicated that they wished to continue discussions on comprehensive reform of the Senate either before or at the proposed 1987 First Ministers' Conference on Senate Reform.

Premier Lougheed responded to the Prime Minister on April 25, 1985, indicating the Government of Alberta's support for the proposed amendment and a willingness to introduce the resolution in the Alberta Legislative Assembly. In his letter Premier Lougheed indicated Alberta's commitment, "to a comprehensive review of the Senate in order to make it an effective institution that represents the interests of the provinces and regions as was intended by the Fathers of Confederation". Premier Lougheed also stated, "It is this government's understanding that adoption of the proposed resolution in no way constrains future discussions on reform of the Senate."

The momentum for the proposed constitutional amendment slowed after the Ontario election of May 2, 1985. The commitment to proceed with the constitutional resolution given by Premier Frank Miller was not binding on the new Premier of Ontario, David Peterson. At the end of the reporting period Premier Peterson had not announced any intention on the part of the Government of Ontario to proceed with the proposed constitutional amendment. Without Ontario's support the constitutional amendment could not succeed. Although there would have been the required number of provinces (seven) to proceed with the amendment, these provinces could not meet the amending formula requirement of having 50 per cent of the population of all provinces.

The federal government did introduce the resolution in the House of Commons. The resolution was debated in the Commons on June 7, 1985, but was not brought to a vote.

Alberta

On May 27, 1985, the Legislative Assembly of Alberta debated the report of the Alberta Select Special Committee on Senate Reform, **Strengthening Canada: Reform of Canada's Senate.** The Committee, chaired by Mr. Dennis Anderson, M.L.A. - Calgary Currie, reported on March 22, 1985, and recommended a **"Triple E"** Senate (directly **elected**, each province having **equal** representation of six senators with the territories each having four senators, and Senate having **effective** powers in providing the regional voice envisioned by the Fathers of Confederation).

Mr. Horsman introduced the motion concerning the committee's report which read:

> Be it resolved that the Assembly approve in principle the report of the Select Special Committee to examine the role of an Upper House in the Canadian federal system.

In speaking to the committee's report, Premier Peter Lougheed stated:

> "We're determined Albertans can change the course of Canada, because in this document we have fairness and logic, we have recognition of the federal nature of Canada, we have the equality of provinces, and we have a feel for the country that would give us the unity that's required in the longer term."

The motion presented by Mr. Horsman was agreed to unanimously by the Legislative Assembly.

For the full text of Premier Lougheed's and Mr. Horsman's comments during debate of the motion, see Appendix V.

Aboriginal Constitutional Matters

Discussions at the national level on aboriginal constitutional matters, as called for in the **1983 Constitutional Accord on Aboriginal Rights**, continued in 1985-86. Premier Lougheed attended a First Ministers' Conference in April 1985; Mr. Horsman, and Milt Pahl, minister Responsible for Native Affairs, also attended this Conference as well as ministerial conferences in June 1985 and March 1986. Officials from the departments of Federal and Intergovernmental Affairs, Native Affairs and Attorney General attended numerous meetings during the year in preparation for these ministerial meetings.

A First Ministers' Conference on Aboriginal Constitutional Matters was held on April 2-3, 1985. In attendance were federal and provincial First Ministers, territorial leaders, and heads of four aboriginal groups: Assembly of First Nations, Inuit Committee on National Issues, Native Council of Canada and Metis National Council.

A constitutional amendment on the aboriginal right to self-government was proposed by the federal government and was extensively discussed at the Conference. The Government of Alberta took the position that aboriginal people in Alberta should play a greater role in governing their own affairs. At the same time, they argued that whatever changes are contemplated must be fair and equitable to all Albertans. Alberta agreed with the position held by the Indian people in Alberta that Indian people should first deal directly with the federal government in defining and establishing their rights. The Province would then get involved with discussions in those cases where provincial areas of jurisdiction might be affected. Regarding Metis in Alberta, the government indicated it was considering transferring title to the eight Metis settlements to the Metis people in Alberta in order to provide them with a land base.

The Alberta Government indicated that it must understand the implications and consequences of the proposed federal amendment regarding self-government before supporting its entrenchment within the Constitution. Alberta reserved its position on the proposed amendment on the basis that a more detailed legal analysis was necessary to determine whether significant potential existed for the courts to become involved in interpreting and defining various sections of the proposed amendment. The government expressed the concern that the federal proposal contemplated a third order of self-government, possibly sovereign, for aboriginal peoples. The government also wished to consult with Alberta's Indian people, who were not represented at the Conference, about their position regarding the proposed amendment. (See Appendix VI for Premier Lougheed's Opening Statement at the Conference.) No agreement was reached among the parties on the proposed amendment, and discussions on self-government were deferred for further discussion to a ministerial meeting held June 5-6, 1985.

Again, agreement was not reached on the proposed amendment at the June meeting. The Alberta Government did not support the federal proposed amendment for several reasons. A legal analysis suggested that, if entrenched, the amendment would be open to a significant degree of interpretation and definition by the courts. In particular, the proposal did not include sufficient assurance that a third order of government, possibly sovereign to provincial and federal governments, would not be created. Indian people in Alberta also had indicated to the Alberta Government their preference for conducting discussions regarding Treaty and aboriginal rights on a strictly bilateral basis with the federal government.

Aboriginal self-government continued to be the focus of further ministerial discussions held on March 20-21, 1986. Additional subjects addressed at this meeting were: the process leading up to the final scheduled First Ministers' Conference on Aboriginal Constitutional Matters in 1987, and agenda items from the 1983 First Ministers' Conference which had not yet been fully discussed.

All of these discussions were part of the preparations for the final First Ministers' Conference on Aboriginal Constitutional Matters provided for in the **Constitution Act, 1982**. The **Constitution Act** requires that this Conference must be held by April 17, 1987.

As part of Alberta's commitment to providing aboriginal people with a greater role in governing their own affairs, Premier Lougheed introduced "A Resolution Concerning An Amendment To The **Alberta Act**" to the Legislative Assembly on June 3, 1985. This resolution, which received unanimous support from the Assembly, committed the provincial government to grant title to the existing eight Metis settlements, encompassing 1.28 million acres of land, to the Metis people of Alberta. This unique initiative in Canada would ensure a land base for Metis people in Alberta who wish to live a traditional or agricultural lifestyle.

Energy

The period 1985-86, was the first year in more than a decade which could be characterized as having harmonious federal-provincial relations in energy. It was a year of transition for government and industry, and implementation of the **Western Energy Pricing and Taxation Agreement (Western Accord)** signed March 25, 1985. The agreement completed the dismantling of the National Energy Program which had been introduced by the former federal government in 1980. The major elements of the agreement were the deregulation of oil prices which implemented the principle of full market value for energy resources; the removal of a number of federal taxes which were a major burden to the industry and which challenged the province's rights as owner of its resources; and the phasing out of federal activity grants which discriminated against development in the Western Sedimentary Basin.

The agreement also provided a commitment to work toward deregulation of gas pricing. On October 31, 1985, the **Agreement on Natural Gas Markets and Prices** was signed. This Agreement facilitated an orderly transition from regulated to market sensitive prices by November 1, 1986. It fulfilled Alberta's long-held objective of market sensitive pricing for natural gas resources. It also improved access for Alberta producers to the United States market by removing the Toronto city gate gas price as the floor price for licensed exports. As of November 1, 1985, the adjacent border pricing test gave Alberta gas producers the much needed pricing flexibility to remain competitive in regional United States markets.

Toward the latter part of the reporting year, international oil prices decreased by 50 per cent. Federal-provincial attention was focussed on carefully monitoring events within and outside the Organization of Petroleum Exporting Countries (OPEC) in an effort to determine pricing trends and their economic impact on Canada's oil and natural gas sector, regional economies and security of oil supply.

Agriculture

Agricultural issues were a major intergovernmental concern in 1985-86. Many farmers faced financial crises as a result of consecutive years of drought, grasshopper infestations, and low world commodity prices.

Governments responded through a variety of statutory and ad hoc programs. The cash flow situation of grain producers suffering from poor prices and low yields was improved by timely payments from the western grain stabilization program. In addition, major payments were made to producers under the **Alberta-Canada Crop Insurance Agreement**. Special assistance was provided through the federal government's drought assistance program, the Canada-Alberta livestock assistance program and Alberta's supplemental livestock assistance program.

In addition to direct assistance payments, action was taken to reduce input costs. The Alberta farm fertilizer price protection plan and the Alberta farm fuel distribution allowance supplement provided help to farmers through rebates on purchases of fertilizers and farm fuels. The federal government extended its farm fuel rebate program until January 1, 1988, and increased the rebate from 3 cents to 5.5 cents per litre.

During the year, Alberta actively pursued a change to the **Western Grain Transportation Act** to allow the Crow Benefit to be paid to producers. In an attempt to neutralize the hardship imposed on livestock producers by the current method of payment, Alberta instituted the Alberta feed grain market adjustment program which pays feed users a compensating subsidy. In January, Alberta became the second province to sign the national tripartite price stabilization scheme for beef, hogs and sheep.

As the 1985-86 fiscal year drew to a close, it was clear that the root of many of the problems facing the agriculture industry lay with the policies of Canada's major competitors in the United States and in the European Economic Community. Long-term improvement would be dependent upon a global economic recovery and more disciplined international agricultural commodities markets.

Economic and Regional Development Agreement

Federal and Intergovernmental Affairs is responsible for the administration of the **Canada-Alberta Economic and Regional Development Agreement (ERDA)** which was signed June 8, 1984. The ERDA is an umbrella agreement which establishes a framework for achieving greater federal-provincial co-operation and co-ordination to realize Alberta's economic and regional development potential.

The deputy minister of the department and the Federal Economic Development co-ordinator for Alberta co-chair an ERDA management committee which is responsible for co-ordinating activities under the Agreement; advising ministers of progress and action required; and implementing ministerial decisions. Programs and activities are implemented by the responsible line departments. Federal and Intergovernmental Affairs officials provide liaison to the ERDA management committee, and advise on the inter-relationship of specific initiatives to the broad objectives of the Agreement. In performing this function, Federal and Intergovernmental Affairs officials act as ex officio members of management and steering committees established to administer and manage specific subsidiary agreements and memoranda of understanding.

The objectives of the 10-year Agreement are to promote joint planning and joint action in those areas where it would be advantageous:

- to tailor federal programs and policies to ensure that they are consistent with the development opportunities and priorities in Alberta;
- to create mutually supportive and reinforcing development activities;
- to strengthen multi-departmental coordination within and between the two governments; and
- to reduce duplication and unnecessary regulation.

The ERDA process facilitates cooperative planning between individual departments of the two governments in meeting the economic and regional development objectives and priorities of the province. An annual ministers' meeting allows for a review of provincial economic development priorities and a review of federal and provincial activities in relation to provincial priorities. A course of action provides a work plan for officials based on ministerial direction. On August 12, the first annual meeting of ministers was held and a joint course of action for 1985-86 was signed.

Initiatives to be developed included the following:

- **Agriculture and Food Processing** - creation of a cost-shared program to assist food processors;
- **Agriculture and Food Development** - through a federal-provincial program to promote harmonization of priorities, improve coordination of programming, and expand the ranges of resources available through cost-sharing;
- **Northern Development** - adoption of a multi-sectoral federal-provincial approach for co-operative planning and programming in northern Alberta with capability to cost-share "top-up" funding to supplement existing federal and provincial programs;
- **Transportation** - development of a memorandum of understanding to assist in harmonizing Alberta's and Canada's transportation priorities, and help develop more complementary funding of transportation infrastructure and services;
- **Industrial Development Assistance** - development of a cost-shared agreement to tailor federal industrial assistance to meet Alberta's needs through a joint program of assistance for establishment, modernization and expansion of further industrial diversification in the province;
- **Science and Technology** - development of a cost-shared subsidiary agreement to facilitate the growth and development of existing new industries;
- **Water Development** - this would involve exploring opportunities for a federal-provincial agreement for construction of a dam and storage reservoir on the Milk River, and to identify specific ways in which the problem caused by prolonged drought conditions could be jointly addressed;
- **Cultural Industries** - development of a cost-shared subsidiary agreement focussing on development opportunities in areas such as the visual, performing and literary arts, historic resources development, publishing, film making, recording, and related information systems and technologies;
- **Management Authority over Major Projects** - development of a memorandum of understanding to clarify responsibility for the review and approval of major projects. This will create a more stable and certain planning environment by avoiding competing and conflicting government demands. It will also help eliminate wasteful duplication and needless public confusion; and
- **Native Development** - a memorandum of understanding to facilitate a co-operative federal-provincial approach to Native (Indian/Metis) development in Alberta.

The agriculture and food processing, northern development, transportation and Native development initiatives were developed and were operational by the end of the current reporting period. Discussions were to continue on the balance of the course of action signed at the August 1985 minister's meeting.

Federal-Provincial and Interprovincial Programs and Agreements

During 1985-86, agreements were signed by Alberta in the following areas:

Agriculture

National Tripartite Price Stabilization Schemes for Cattle, Hogs and Sheep (Red Meat Stabilization)

Signed in Edmonton on January 22, 1986, the purpose of this agreement is to establish national tripartite red meat stabilization for cattle, hogs and sheep. The agreement establishes an equal financial partnership among the federal government, the provincial government and the producer to create voluntary, self-supporting stabilization schemes for red meat producers. As of March 31, 1986, Alberta and Ontario had joined the national plans for cattle, hogs and sheep; Saskatchewan for hogs and sheep; Manitoba for hogs and Prince Edward Island for cattle.

Canada-Alberta Subsidiary Agreement on Agricultural Processing and Marketing

This five-year $50 million subsidiary agreement, which will be cost-shared equally by Alberta and the federal government, was signed February 1, 1986. Like its forerunner, the **Nutritive Processing Agreement**, it provides development assistance to firms engaged in value-adding, marketing, and research and development in Alberta's agricultural and food processing industry.

Canada-Alberta Crop Insurance Agreement

This agreement amended the **Federal-Provincial Crop Insurance Agreement** for the 1985-86 fiscal year.

Canada-Alberta General Research Agreement

This agreement expired December 31, 1985. A new draft agreement has been negotiated which enables federal/provincial co-operation in activities, undertaken in agricultural research in Alberta. Through this agreement, Alberta has used the Agricultural Research Council of Alberta to fund research at federal research stations. No new subsidiary agreements initiating similar research projects can be undertaken until this agreement is renewed.

Canada-Alberta Livestock Drought Assistance Agreement

This agreement provides financial contributions to livestock producers to assist in maintaining a viable livestock herd in the face of severe drought conditions in certain areas in Alberta.

Alberta Research Council

Alberta Research Council/National Research Council Contribution Agreement (IRAP)

This agreement, renewed annually, provides funding for the Industrial Research Assistance Program. The National Research Council provides funds to the Alberta Research Council to enable it to provide technical assistance to Alberta industry.

Consumer and Corporate Affairs

Federal/Provincial Lottery and Sports Funding Agreement

This agreement provides for the strengthening and clarification of the provinces' exclusive right to the gaming and lottery field. For this consideration, the provinces agree to pay the federal government $100 million over three years starting December 31, 1985.

Economic Development

Transportation Infrastructure and the Provision of Services Memorandum of Understanding

This Memorandum of Understanding establishes a federal-provincial steering committee of officials. One of this committee's jobs is to establish transportation priorities, and to develop appropriate agreements for projects or programs that may be approved by ministers. Initial areas of study include: infrastructure connections to resource industries; research into materials handling techniques; railway/highway grade separation, and demonstration projects for new technologies.

Housing

Canada/Alberta Global Agreement on Social Housing

This agreement replaces the previous agreement signed in 1979. It provides for effective targetting of social housing programs to those most in need of assistance. It focuses on senior citizens, families, disabled individuals, and Native Canadians. This agreement outlines the basic principles underlying the cooperative relationship between the Governments of Canada and Alberta in the area of social housing. It also sets out the policy and administrative framework within which the various cost-shared programs will be delivered.

Manpower

Canada/Alberta Immigration Agreement

The Canada/Alberta Immigration Agreement states that the federal government will take into account Alberta's labour market needs and economic development objectives when determining the level and selection of immigrants to Alberta. The agreement also establishes the joint interest of the Governments of Alberta and Canada in encouraging entrepreneurial immigration. It also acknowledges the shared federal-provincial responsibility for settlement services.

Native Affairs

Memorandum of Understanding on Native (Indian/Metis) Development

This five-year memorandum of understanding sets out broad principles for federal/provincial co-operation on Native development, was signed on August 29, 1985. Under the memorandum of understanding, sub-committees with government and native representation have been established in the areas of agriculture, arts and crafts, professional development for local service delivery, and community initiatives.

Technology, Research and Telecommunications

Canada/Alberta Memorandum of Understanding with Respect to Science and Technology

This accord provides a framework for more detailed agreements concerning science and technology, and establishes a mechanism for improved co-ordination between the two orders of government. The accord expires on April 22, 1990.

Tourism

Tourism Development Subsidiary Agreement

This $56.3 million subsidiary agreement was signed May 13, 1985. It is designed to improve the international and domestic competitiveness of Alberta's tourism industry. The agreement also seeks to maximize human resource development, increase employment and income, and encourage greater levels of spending by tourists in Alberta. The agreement will stimulate private sector investment and further promote the province's tourism destinations.

Small Business

Memorandum of Understanding on the Canada/Alberta Task Force on Deregulation and Paper Burden

This agreement committed Alberta and Canada to identify and report on areas of jurisdictional overlap which may be of concern to small business, and report these to their respective governments by March 31, 1986.

Northern Development

Canada/Alberta Subsidiary Agreement on Northern Development

Signed February 10, 1985, the purpose of this agreement is to strengthen the economic base of Northern Alberta and to improve federal-provincial coordination of planning and spending in this region. Forty million dollars (cost-shared equally) has been allocated over the duration of the agreement to fill gaps in existing programs. The agreement will be in effect until October 2, 1990.

International Affairs

Alberta's interests in the international sphere encompass a wide range of activities, including trade, investment, entrepreneurial immigration, tourism, culture, education, science and technology, intergovernmental relations, and information gathering.

Alberta's Foreign Offices

To pursue its international objectives, the Government of Alberta maintains offices in London, New York, Hong Kong, and Tokyo, each of which is headed by an Agent General. The Los Angeles and Houston offices are administered by the department, but are headed by directors appointed by the department of Economic Development. The activities of Alberta's foreign offices focus on trade, investment, energy, agriculture, tourism, culture, education, immigration, science and technology, intergovernmental relations, and information gathering. The emphasis on each of these areas changes from office to office.

Although the mandates differ from office to office, there are a number of functions and responsibilities generally undertaken by all offices. These include:

- promoting the export of Alberta goods and services. This involves assistance to Alberta businesses by monitoring trends and policies, identifying market opportunities; making introductions and arrangements for meetings; participating in trade shows, missions, and other promotional activities; advising on business customs in the region; and helping with necessary follow-up;
- monitoring capital markets, promoting a positive image on the part of foreign investors toward Canada and Alberta and directing investors to Alberta;
- maintaining close contact with Canadian embassies and consulates, foreign governments and other information sources to monitor developments in the region;
- disseminating information to relevant Alberta departments;
- generating contacts and promoting an increased Alberta presence and profile;
- identifying and directing business immigration to Alberta; and
- assisting with cultural, educational and scientific exchanges.

In December of 1985, annual meetings of Agents General were held in Edmonton and Calgary. In addition to meeting with a number of ministers and department officials, the four Agents General also held public sessions with a cross-section of representatives of the Alberta business community, including industry organizations and federations, financial organizations, Chambers of Commerce, city governments, and major exporters. These sessions permitted the Agents General to outline developments and prospects in their regions and to answer questions from the private sector.

London

In addition to the Agent General, the staff at Alberta House includes senior representatives from the departments of Economic Development, Tourism and Small Business, and Manpower. They are responsible for representing Alberta's interests in the United Kingdom and Europe. Their duties include the maintenance of close relations with the Canadian High Commission, other Canadian provincial offices in London, the British and European business community and European government officials.

Specific activities undertaken in 1985-86 included:

- oil price monitoring. Contacts with both industry and government representatives in London, on the continent, as well as OPEC officials enabled the office to closely monitor oil prices;
- promotion of institutional investment. Regular contact with members of the European investment community enabled Alberta House to advise and assist numerous independent Alberta oil companies, real estate corporations, and others seeking funds in the U.K.

  Considerable success was achieved by participation with the Independent Petroleum Association of Canada in a series of presentations in London, Edinburgh, Geneva, Dusseldorf and Munich, and through an extensive ongoing follow-up program.

  Alberta House also was used for several well-attended investment seminars involving Alberta companies;
- trade and joint venture investment. Assistance was given to a number of Alberta companies and government officials in the promotion of Alberta exports of goods and services to the United Kingdom and Europe. For example, considerable success was obtained by Alberta companies who used Alberta House following the Aberdeen Oil Show for a one-day direct sales promotion aimed at selected British companies.

  In the ongoing effort to promote sales of Alberta beef in the U.K., and with the aim of achieving the required volume to make this effort profitable, a series of beef tastings were held for top hotels and restaurants.

  In addition, several individual companies in the computer and specialized fitness equipment fields were assisted with sales promotions;

  Alberta House facilities continued to be made available to Alberta companies doing business in Europe, and to national and international organizations with Alberta membership;
- business travel and convention promotion. Support was given to Alberta Tourism in its efforts to promote the facilities available in Alberta through presentations in London, Geneva and Paris;
- assistance to business ventures locating in Alberta. Close working relations were maintained with British corporations and their consultants. Continued involvement in the field of corporate financing was also pursued; and
- on the cultural side, various visual art exhibitions and receptions for visiting artists were held at Alberta House in 1985-86 to provide these Albertans with exposure in Europe.

Hong Kong

Established in 1980, the Alberta office in Hong Kong is responsible for representing the province's interests in China, the ASEAN countries, Australia, New Zealand and Hong Kong. The office is responsible for Alberta's special relationship with the province of Heilongjiang in the People's Republic of China. Staff in the Hong Kong office pursued many economic development opportunities, in particular they were active in assisting and promoting Alberta's interests related to the petroleum and natural gas industry, telecommunications industry, agriculture, and tourism with a special emphasis on Expo '86 and the forthcoming Winter Olympics in Calgary in 1988. There was extensive activity in entrepreneurial immigration caused partly by the new rules which came into effect in January 1986 governing "the business investor" category.

During 1985-86, the office was represented at the Perth Australia Oil Show in November 1985, the Singapore Oil Show in January 1986, and the Beijing Oil Show in March 1986. It also provided advice and introductions for Alberta exhibitors. In addition, the office was involved in a major effort to promote Alberta as a final destination following Expo '86. It was instrumental in arranging for a number of groups of Hong Kong businessmen to travel to Alberta following visits to Expo '86 in order to explore economic development opportunities.

The office also assisted with sales of Alberta services and equipment into the China market, including the sale of a used oil refinery to China.

Tokyo

Alberta House in Tokyo was established in 1970 and is responsible for representing Alberta's interests in Japan and Korea. In 1985, the head of the post was upgraded to Agent General, placing the office on equal footing with London, New York and Hong Kong.

Principal activities continued to be in the fields of trade promotion, investment, culture, education, sports and tourism. The office coordinates most of the exchange programs with the sister provinces of Kangwon in Korea and Hokkaido in Japan.

During the year, Alberta Agriculture posted a staff member to the office, whose prime emphasis is to increase sales of Alberta beef, and other agricultural products to Japan and Korea. A series of special events to promote beef and cheese were held, and good sales were achieved.

The office supported several Alberta missions, including a series of tourism promotions with emphasis on Expo '86. A seminar to explain Canada's new energy policies was held in March, 1986 with the minister of Energy, John Zaozirny. Missions to promote the sale of lumber and housing technology were also supported.

During the reporting period, greater emphasis was placed on development of educational and academic exchanges. The office arranged to provide organizational support to universities in both Japan and Korea, which wished to begin a program of Canadian studies.

The Canada-Japan Businessmen's Consultation Committee meeting was held in Calgary in May, 1985 with approximately 300 Japanese business executives attending. The office was involved in promotion and arrangements for the visitors.

Sales of Alberta goods and services in the markets of Japan and Korea exceeded $850 million in the fiscal year. Coal, petrochemicals, and agricultural products made up the bulk of these sales. Indications are that these two countries will continue to offer significant market opportunities for Alberta exports.

New York

During 1985-86, a member of the department of Economic Development was posted to New York. The primary focus of this staff member is investment promotion — accessing, developing new contacts, and maintaining close ties within the New York financial community. The New York Office continued to monitor, assess and report on United States legislative issues that had an impact on Alberta such as energy imports and free trade.

In the fall of 1985, the office worked closely with executives of the Independent Petroleum Association of Canada in coordinating a four-city investment promotion tour (Chicago, Boston, Hartford, and New York). The targeted audience was the institutional investor, and the purpose of the tour was to begin solid relations with the investment community, which was still cautious about Canada because of the former National Energy Program and the Foreign Investment Review Agency.

Many New York based financial institutions have recently established venture capital groups to enter the mainstream of the venture capital industry. The office arranged a New York program for the president of Vencap Equities to enhance awareness of Vencap within the New York financial community, and to further promote its willingness to participate in projects of benefit to Alberta.

In the cultural field, the office supported a number of Alberta literary functions in conjunction with the Canadian Consulate in New York.

Los Angeles

The Los Angeles office continued to assist Alberta business people entering the Western U.S. market, encourage U.S. investment in the province, and to promote joint ventures between Alberta and U.S. companies. The office also monitored energy developments in California, particularly as they related to imports of Alberta gas. A special effort was undertaken to distribute promotional material on behalf of Alberta Tourism and the 1988 Olympic organizing committee. As well as directly assisting the private sector, the office also researched markets and disseminated information to government departments and various companies.

The office and the Canadian government posts in the area have developed a close working relationship. In addition to information exchanges, marketing assistance and joint exhibition participation, the Canadian and Alberta offices cooperated in major investment seminars in Orange County, Los Angeles, and San José; a defence and high technology marketing mission to the same centers; and investment seminars by the Independent Petroleum Association of Canada in Los Angeles and San Francisco.

With the office's assistance, two Western U.S. companies established plants in Alberta and six Alberta companies began marketing in California.

Houston

Due to the slowdown of the petroleum industry in the Southwestern United States, as well as the difficulties in the agricultural sector, the priorities of the Houston Office in 1985-86 shifted to place a greater emphasis on offshore foreign trade and joint ventures. Because many purchasing representatives of Central and South American governments and businesses are represented in Houston, this is an ideal place to explore offshore markets for sales of Alberta oil and gas equipment and services.

Several Alberta companies made successful presentations to the Houston purchasing offices of Latin American countries and as a result were placed on priority purchasing lists.

Increased emphasis also was placed on tourism. Promotions were undertaken through airlines, tour operators and travel agents through a joint venture project with the Canadian government.

International Visitors to Alberta

Numerous high-level missions visited Alberta to investigate trade, investment, and technology exchange opportunities; and to establish personal contacts with Alberta firms and organizations. A delegation led by Soviet Politburo member Vitaly Vorotnikov, Chairman of the Council of Ministers of the Russian Soviet Federated Socialist Republic, toured agricultural research facilities, and farms and met with businesspeople in the Lethbridge, Calgary, Edmonton and Fort McMurray areas. The delegation also held round-table discussions with Alberta Cabinet ministers on Alberta/Soviet trade and exchange. Senator Gareth Evans, Australian minister for Resources and Energy, visited oil, gas and coal related companies and organizations in the Calgary, Edmonton and Fort McMurray areas. A number of Chinese technical visits included a delegation from the science and technology commission of the People's Republic of China, and specialized missions such as the Changsha Research Institute of Mining and Metallurgy, the Xian Jiaotong University School of Management, the Heilongjiang Academy of Sciences, an occupational health and safety tour and a Daqing oilfield delegation.

Other important visitors included the Governor of Alberta's sister province of Hokkaido, Japan; the U.S. Secretary of State; the Hungarian Deputy Premier; the Ombudsman of Pakistan; the Lieutenant Governor of Illinois; the Governor of Utah; and the Angolan Minister of Petroleum and Energy.

Official familiarization tours were arranged for the Ambassadors or High Commissioners of the United States, the U.S.S.R., Czechoslovakia, the German Democratic Republic, the European Communities, Indonesia, Italy, the Netherlands, Iceland, Japan, Israel, Zimbabwe, Guatemala, New Zealand, and Hungary as well as Canadian Ambassadors or High Commissioners accredited to Australia, Ecuador, Algeria, the United States, Bangladesh, Kuwait and the Gulf States. Singapore, Saudi Arabia, European Communities, the U.S.S.R., Korea, Indonesia, the People's Republic of China, and New Zealand.

Table IX

Comparative Figures for Official visits to Alberta by purpose:

	1985/86	1984/85	1983/84
Familiarization Tours			
• Foreign Diplomats	38	37	44
• Canadian Diplomats	23	17	31
• Media	23	15	26
Trade and Investment	110	120	103
Energy	36	45	34
Agriculture	35	27	56
Culture and Education	16	23	29
Science and Technology	14	10	-
Other	22	34	45
Total	317	328	368

Table X

During 1985-86 the number of foreign visits, missions and delegations totalled 317. The breakdown by country is listed in the following table with comparative figures for the two preceding years:

Country	1985/86	1984/85	1983/84
United States of America	**40**	35	52
China	**38**	35	33
Japan	**33**	33	55
Union of Soviet Socialist Republics	**12**	11	9
United Kingdom	**10**	18	17
Australia	**10**	14	13
Republic of Korea	**9**	9	10
Hong Kong	**8**	7	5
European Communities	**8**	2	2
Thailand	**7**	7	3
Federal Republic of Germany	**6**	10	26
Malaysia	**6**	8	5
Singapore	**6**	4	4
Hungary	**6**	3	4
Switzerland	**6**	4	2
France	**5**	9	11
India	**5**	1	4
Finland	**5**	6	5
Mexico	**5**	3	8
Colombia	**5**	3	-
Saudi Arabia	**5**	-	3
Costa Rica	**5**	-	1
Argentina	**4**	3	3
German Democratic Republic	**4**	2	2
Indonesia	**3**	8	3
Peru	**3**	6	8
Brazil	**3**	2	3
New Zealand	**3**	4	1
Belgium	**3**	4	-
Austria	**3**	2	-
Israel	**2**	6	5
Netherlands	**2**	3	2
Venezuela	**1**	4	6
Pakistan	**1**	4	3
Norway	**1**	5	1
Sweden	**1**	3	6
Other	**43**	50	53
Total	**317**	**328**	**368**

Relations with Foreign Countries

The United States of America

Relations with the United States continued to be the top international priority for Alberta in 1985. The United States is by far the province's largest foreign market, with exports totalling approximately $10.5 billion in 1985. The bulk of exports came from the energy sector, primarily natural gas and crude petroleum, but agricultural products, lumber, fertilizer, and oil and gas equipment sales also were important.

Trade

In conjunction with other departments, Federal and Intergovernmental Affairs monitored trade and other significant policy developments in the United States. The department also assisted in the organization of several visits by senior provincial representatives to the U.S. These included a visit to Washington, D.C. by Premier Lougheed, and his attendance at the annual meeting of the National Governors' Association in Boise, Idaho.

In his meetings in Washington in May, 1985, with senior members of Congress and the Administration, Premier Lougheed stressed the mutual benefits of freer trade between Canada and the United States. Subsequently, the Premier wrote to the Prime Minister urging him to move expeditiously to seek a comprehensive free trade arrangement with the U.S. and warning that the window of opportunity was limited (see Appendix VII for the letter).

The Premier pursued this theme further when he attended the annual meeting of the National Governors' Association in Boise, Idaho in August 1985. Along with six other Canadian Premiers, Mr. Lougheed addressed the Governors on the subject of Canada/U.S. trade. While describing the importance of bilateral trade to the economies of both countries, Premier Lougheed urged the Governors to resist protectionism and support efforts to remove trade barriers.

State/Provincial Relations

Developing contacts at the state/provincial level has been a priority for the minister of Federal and Intergovernmental Affairs. Mr. Horsman continued to pursue this objective in 1985. As Canadian co-sponsor of the Canada/United States legislative project, the minister hosted a meeting of this organization in Banff. The project brings together legislators from the state and provincial level to discuss issues of mutual interest. Meetings are organized around a theme, and the topic under discussion at the Banff meeting was tourism. Mr. Horsman also attended a meeting of the legislative project in La Jolla, California in February 1986 which focused on culture and the arts.

Another important state level organization is the National Conference of State Legislatures. Mr. Horsman attended two meetings of this group in 1985, one in Seattle and one in Washington, D.C. At the Seattle meeting Mr. Horsman addressed the foreign trade task force on the subject of bilateral free trade.

Close relations with Montana are important since it is Alberta's only border state. Relations were formalized in 1985-86 when the Minister established the Montana/Alberta Boundary Advisory Committee. This group developed out of an informal legislative exchange that took place the year before mainly to discuss agricultural issues. Through a resolution passed by the State Legislature and signed by the Governor, Montana proposed the establishment of a permanent state/provincial consultative body. The Alberta Legislature responded by passing a resolution calling on the government to establish a corresponding organization. The purpose of the organization is to meet to discuss issues of mutual concern, such as agricultural, environmental, and trade issues, and to attempt to resolve problems before they develop into bilateral irritants. The first meeting of the group was held in Great Falls, Montana under the joint chairmanship of Montana Lieutenant Governor George Turman and Mr. Horsman. Topics discussed included a proposed dam on the Milk River, recent changes to Canadian energy policy, the Canada/U.S. free trade negotiations, and agricultural issues.

Federal and Intergovernmental Affairs continued to provide support to Canadian Studies activities in the U.S. in the form of book donations, provision of speakers, and financial grants. One of the recipients this year was the School of Advanced International Studies at Johns Hopkins University in Washington, D.C. The school used the financial support it received to organize a conference on Canadian energy policy. Conference keynote speakers were John Zaozirny, Alberta minister of Energy, and Mr. Horsman.

Asia-Pacific Region

Having surpassed the European Community as a trading partner for Alberta a number of years ago, the Asia-Pacific region continued as a substantial and growing market. The region contains almost half of the world's population, and countries in the area have maintained economic growth rates of four to seven per cent. In recognition of the potential of the region, Alberta has continued its initiatives to establish closer relations and intensify economic ties.

The major focus of activities in Asia has been on Alberta's three largest Asian trade partners: Japan, China and Korea, with special emphasis on the sister province relationships in those countries. There also has been a growing interest in further developing other Asian markets in South and Southeast Asia, especially in India, Thailand, Malaysia and Indonesia.

Trade

As a market for Alberta exports, the Asia-Pacific region ranked second, after the United States. Individually, Japan, China and Korea ranked second, fourth and sixth respectively as countries of destination for Alberta products. The Asia-Pacific region accounted for 12 per cent of Alberta's exports in 1985, representing 54 per cent of Alberta's non-U.S. exports.

The value of 1985 exports to the Asia-Pacific region was estimated at $1.56 billion, an increase of 22 per cent over the previous year. Of this total, grain exports accounted for $531 million (wheat and barley), while non-grain exports totalled $1.03 billion (coal, canola, sulphur, petrochemicals, and oil and gas drilling equipment and services). The increase in the value of exports was primarily due to increased sales of coal, sulphur, petrochemicals, fertilizer and oil and gas equipment.

In 1985, Japan imported goods from Alberta worth a total of $737 million. This represented an overall increase of 7.9 per cent despite reduced barley and wheat sales. Principal exports in 1985 were coal, canola, petrochemicals, wheat and beef.

China purchased Alberta products valued at $299 million in 1985. Sales of wheat, the major trade component, rose to $213 million, returning to 1983 levels, in contrast to lower 1984 sales resulting from improved Chinese harvests. Non-grain exports increased by 117 per cent over 1984, due largely to tripled fertilizer sales and increased sales of petrochemicals and oil and gas equipment. A China-Canada agreement on animal health and quarantine, signed in March 1985, opened the door for increased livestock sales.

The Republic of Korea is a growing export market. The value of Alberta's 1985 exports to Korea was $165 million. Although the value of rye and barley sales declined, non-grain exports grew to the extent that sales increased by 68 per cent over 1984. Principal exports were petrochemicals, sulphur and coal.

South and Southeast Asia hold potential for sales of oil and gas technology and services, petrochemicals, sulphur and agricultural products and technology, especially irrigation technology. Alberta's oil and gas technology, in particular, experienced greater success in building exports to this market. Sales were pursued through trade missions and industry shows.

As part of its commitment to the Asia-Pacific region, Alberta continues to be actively involved with the Asia-Pacific Foundation. The Foundation, a non-governmental Canadian organization, was established in 1984 to promote ties with the countries in the region. Alberta, in conjunction with several other provinces, committed itself to provide the Foundation with $200,000 per year from 1984 to 1988. Three Albertans have been appointed to the Foundation's board of directors.

Investment

Asian investment in Alberta came primarily from Japan and was directed toward joint venture projects in the energy field. John Zaozirny, Alberta Minister of Energy, travelled to Japan and Korea in March 1986 to promote trade and investment in Alberta. He also hosted an Energy Investment Seminar in Tokyo. This visit followed up on the Alberta investment seminar presented in Tokyo in February 1985. Alberta also increased its efforts to attract more investment from Hong Kong.

Special Relations

Alberta is involved in well-established special relationship programs with Kangwon (Korea), Hokkaido (Japan), and Heilongjiang (China). These affiliations have been instrumental in promoting an Alberta presence and establishing links with the Asia-Pacific region. In 1985, approximately 150 missions, exchanges, and other activities occurred in a wide range of areas of mutual interest, including the technical, scientific, and medical fields, education, agriculture, advanced education, sports, culture, municipal cooperation, forestry, intergovernmental relations, and commercial interaction.

Hokkaido Governor Takahiro Yokomichi's September 1985 visit commemorated five years of formal affiliation between the two provinces. Governor Yokomichi and Premier Lougheed promoted the development of the Hokkaido-Alberta commercial interaction committee. Economic activity between Alberta and Hokkaido has continued to expand with 1985 marking the first sales of Alberta coal and beef to Hokkaido. As well, an agreement between the Hokkaido Northern Regions Centre and the University of Alberta Boreal Institute for Northern Studies initiated research on improving the quality of life in northern regions. Another particularly active areas of exchange were medicine and medical research.

Agricultural, medical, and educational exchanges characterized the relationship between Alberta and Kangwon in 1985. Alberta sent livestock and breeding experts to Kangwon to aid in the development of the livestock industry in that province. A new medical exchange agreement between the Universities of Alberta and Calgary Faculties of Medicine and Kangwon's Hallym University Medical School initiated medical education and clinical research programs. An ongoing program to train Korean English teachers at the University of Alberta was further developed as a second group of teachers arrived for courses in the summer of 1985. A preliminary framework for sending Alberta English lecturers to Kangwon also was developed.

During 1985-86 there was a significant increase in commercial activity between Alberta and Heilongjiang, with sales to Heilongjiang of more than $50 million in oil and gas equipment. In June of 1985, Premier Lougheed chaired a meeting of over 50 chief executive officers of Alberta oil and gas companies to discuss opportunities for Alberta in Heilongjiang's Daqing oilfields. As a result of this meeting, a government-business task force was formed to further develop these opportunities. The City of Calgary became formally affiliated with Daqing in 1985, and the City of Edmonton became affiliated with Harbin. These linkages will focus on the development of commercial interaction between the cities.

Alberta continued to sell agricultural products to Heilongjiang, and the University of Alberta was granted a $7 million contract to assist in the upgrading of state farm managers there. As well, an agreement involving the exchange of scientists in areas such as cold-weather agriculture techniques, vaccine purification, and genetic engineering was signed in May 1985, between the Alberta Research Council and the Heilongjiang Academy of Sciences.

Consultations were held in Heilongjiang and Hokkaido in November 1985. New developments for the future of these two special relationships were investigated, including the possibility of trilateral cooperation among Alberta, Hokkaido, and Heilongjiang.

Europe

Trade between Alberta and the various countries of Europe in 1985-86 exceeded $1 billion. As in previous years, coal and agricultural products were the major export items from Alberta to the European market.

In addition to being an important trading partner, Europe also was a major source of investment capital and technological expertise. Many European and Alberta companies are involved as partners with Alberta companies in joint ventures both within the province and in other markets.

In 1985, many of the tourists visiting the province were European. More than 56,000 people toured Alberta from this area, representing almost three quarters of all non-U.S. tourist traffic.

Throughout 1985-86, Alberta received a number of important visitors and delegations from Europe, including the minister of Food, Agriculture and Forestry for the Federal Republic of Germany, Mr. Ignaz Keichle, and the deputy premier of the Hungarian Peoples' Republic, Joszef Marjai.

LeRoy Fjordbotten, minister of Agriculture, visited the United Kingdom in June of 1985 to discuss the marketing of Alberta beef in the United Kingdom and Europe; and Horst A. Schmid, minister of International Trade, led an Alberta delegation to an investment seminar in Vienna, Austria in May 1985, as well as several business missions to the Federal Republic of Germany.

The department was an active participant in consultations between Canada and the European Community (EC). The division continued to monitor developments affecting Alberta's bilateral relationship with the EC, particularly common agricultural policy and its negative impact on the provincial agricultural sector.

The department also assisted the delegation of the commission of the European Communities with the planning of a Canada/EC business cooperation seminar which was held in Edmonton in December of 1985 under EC sponsorship.

Union of Soviet Socialist Republics

The Soviet Union remained Alberta's third largest trade partner, after the United States and Japan. Exports to that country in 1985 were valued at approximately $260 million. Although this was only about one-half of the total of the previous year, the decline was largely attributable to a drop in wheat exports brought about by lower Alberta production of the high-grade wheat which makes up the bulk of Soviet grain purchases from Canada. Non-grain exports increased slightly to $53 million. These exports were primarily sales of sulphur, and oil and gas field equipment.

Significant progress was made in familiarizing the Soviets with Alberta's expertise in agricultural development, and oil and gas exploration and production. These are areas in which Alberta capabilities match Soviet needs. This was demonstrated first-hand during the visits to Alberta of Soviet Politburo member and Russian Republic Premier Vitaly I. Vorotnikov, and the subsequent visit by Russia's Agriculture minister, Vladilan V. Nikitin. Following Minister Nikitin's visit, a protocol was signed setting the stage for future agricultural cooperation between Alberta and the Russian Republic.

Alberta government representatives took part in the 1985 meetings of both the Canada-USSR mixed economic commission and the Canada-USSR mixed agricultural commission. This marked the first time that provincial participants were involved as part of the Canadian delegation to these ministerial level consultations.

During the year, progress continued in expanding the relationship beyond trade toward scientific, academic, athletic and cultural exchanges with the Soviet Union.

Latin America

Latin America holds significant market potential for Alberta oil and gas technology expertise as well as agricultural products. Through 1985-86 Alberta continued its efforts to maintain and expand its ties with the region.

Brazil, Mexico, Venezuela and Argentina are considered the most promising markets in the region. They have economies ideally suited to Alberta's oil and gas related technologies and services, as well as agricultural goods and services such as livestock, livestock genetics and canola meal. Alberta's 1985 non-grain exports to these four countries totalled $126 million up 14 per cent from 1984.

Missions to Alberta were led by Argentina's secretary of Energy, Dr. Conrado Storani, and nine representatives of Argentine private sector companies; and by Eduardo Pasquera Olea, secretary of Agriculture and Water Resources, Mexico.

Canada and Mexico held the sixth meeting of the joint Canada-Mexico committee on March 3 and 4, 1986. The meetings focussed on cooperation in the areas of trade, industry, energy, and agriculture. Alberta actively participated in the preparation and briefing of the Canadian delegation to ensure that the province's interests were adequately represented.

Middle East and Africa

Attention was focused on developments in the region affecting the stability of world oil markets. The effects of the ongoing Iran-Iraq war remained a significant factor in this attention. Although the slowdown in oil and gas activities resulted in a decline in visits in 1985, Alberta exports to the region, nevertheless, rose significantly to $361 million, a 21 per cent increase over the previous year. The bulk of the increase came via increased sulphur sales which almost tripled in value to reach $174 million.

Alberta's relations with African nations are focused on the trade and training-related activities, often in conjunction with development assistance through the Canadian International Development Agency (CIDA) or other world aid organizations. The province also provides funds for non-governmental organizations involved in African development and famine relief. The Government of Alberta assesses consulting, investment, agricultural, and trade opportunities through exploratory missions and also receives African delegations interested in familiarizing themselves with the province's products and services. Oil-producing countries still hold the largest potential for Alberta for sales of oil and gas equipment, services and technology. In addition, agricultural ties are developing in the areas of dryland farming technology and services, seed, feed grain, and animal husbandry.

International Economic Relations

Mounting trade protectionism and the start of a substantial slide in world oil prices posed significant threats to the strength of the province's economy. In the case of trade protectionism, steps were taken during 1985-86 to counter this trend. Progress was made toward undertaking comprehensive trade discussions with the United States and the initiation of another round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT). The year ended, however, with continued uncertainty and instability of world oil prices.

Western Premiers' Conference -Western Canadian Trade Objectives for the Next Decade

The Western Premiers released a jointly-prepared position paper, **"Western Canadian Trade Objectives for the Next Decade"**, outlining western interests, priorities and concerns regarding international trade negotiations. Western Canada's interests were identified as securing better access and trade opportunities for agricultural products, processed natural resource products, manufactured goods, and services.

The Premiers considered the national debate over Canada's trading relations with the United States and urged the Prime Minister to propose the negotiation of a comprehensive bilateral trade arrangement. They also noted the increasingly important role played by the provinces in international trade as negotiations expand to include many issues under solely provincial or shared federal-provincial jurisdiction. The Premiers reaffirmed their previously stated position that provinces should be represented on Canadian delegations at bilateral and multilateral trade discussions. This involvement is needed to ensure effective participation in the negotiation process.

Trade Relations with the United States

Alberta continued to take a lead role in encouraging the start of Canada-United States negotiations to establish a comprehensive bilateral trade agreement. Such an agreement was viewed as the means for pushing back the mounting tide of protectionism threatening the world's largest two-way trading relationship. An agreement would also give impetus to efforts toward global trade liberalization.

Following up on the Alberta position paper advocating a Canada-United States trade arrangement which was presented at the February 1985 First Ministers' Conference on the Economy, Premier Lougheed visited Washington, D.C. in May, 1985. His objective was to assess United States attitudes toward a comprehensive trade agreement with Canada, and to meet with influential members of Congress and the Administration.

The expanding U.S. trade deficit, the perceived lack of a comprehensive and decisive U.S. Administration stance on trade policy issues, and extensive lobbying of Congress contributed to increased pressures for protectionist legislation in the United States. Of primary concern to Alberta was the National Resources Subsidies Bill (HR 2451), introduced to address concerns related to perceived natural resource subsidies in other countries and their potential impact on trade flows with the United States. The bill would amend United States law to make it possible to determine the existence of a countervailable subsidy if a significant natural resource input was sold domestically (eg. in Canada) at a price lower than its export price or the U.S. price, and if it was not freely available to U.S. producers at the same price. Canada maintained strong opposition to the proposed legislation as it represented a fundamental departure from the internationally accepted basis for determining countervailable subsidies. From Alberta's perspective, the bill was unacceptable in that it represented a unilateral action to establish United States norms for evaluation of foreign industrial and resource management and development policies and programs.

The Natural Resources Subsidies Bill contained provisions on the pricing of removal rights to natural resource products, and was specifically drafted to treat Canadian forest stumpage policies as countervailable subsidies. This served as a backdrop to a growing irritant in the Canada-United States trade relationship created by certain elements of the United States lumber industry seeking restrictions on Canadian softwood lumber exports. Along with consideration of launching another countervail action, the United States industry pressed for a legislative response to Canadian exports. Alberta was part of a coordinated effort on the part of the federal and provincial governments and the Canadian lumber industry to counter this pressure through presentation of the Canadian case to the American Administration, legislators, and consumer and other interest groups which would be injured by softwood lumber restrictions.

Canada-United States Trade Negotiations

Major impetus toward the initiation of negotiations to establish a comprehensive bilateral trade agreement was provided in the September 1985 release of the **Royal Commission on Canada's Economic Prospects for Development (Macdonald Commission) Report**. This report came on the heels of an interim report on free trade by the special joint committee of Parliament which recommended immediate initiation of bilateral trade discussions to determine U.S. receptivity to liberalizing bilateral trade and securing market access.

A process of consultation was conducted by the federal government with the provinces, as well as business, labour and interested groups. In the fall of 1985, Prime Minister Mulroney wrote to President Reagan and proposed that the two countries pursue a new trade agreement. President Reagan welcomed the proposal and indicated that the Administration would begin consultations with Congress and the United States private sector.

In November 1985, the federal government established the Canadian trade negotiator's office. It undertook federal-provincial consultations to consider provincial involvement in the Canada-United States negotiations and consideration of the ratification process for the agreement. At the First Ministers' Conference in Halifax later that month, it was agreed that there would be "full provincial participation" in the upcoming trade negotiations. By February, the provinces had reached agreement on the principles which should govern provincial participation. Their views were communicated to the Prime Minister by Premier Getty in March with a request that First Ministers meet to discuss the proposal further in order to resolve the matter.

Multilateral Trade Negotiations

The last round of multilateral trade negotiations, known as the Tokyo Round, concluded in 1979 with many issues unresolved. In 1982, a ministerial conference of GATT put into place a work program to begin addressing many of the outstanding issues. Increasing worldwide protectionist pressures and lack of progress on efforts to further liberalize world trade resulted in a consensus that a new round of world trade negotiations should be launched. Accordingly, a special meeting of GATT contracting parties in October 1985 agreed that preparatory work for a new round should be initiated, likely toward the end of 1986.

Canada fully supported the launching of a new round of multilateral trade negotiations, emphasizing that a liberal trading system, based on agreed and transparent rules, was essential to world economic growth. From Alberta's perspective, priorities for the negotiations were identified as agriculture and processed resource products. As the negotiations would likely affect many provincial interests and involve areas under shared federal/provincial or solely provincial jurisdiction, Alberta called for full provincial involvement through the establishment of a formal and effective federal-provincial consultative structure.

Alberta Preparations for Trade Negotiations

In March 1986, Premier Getty announced the establishment of an Alberta Cabinet International Trade Negotiations Task Force and the appointment of an Alberta trade representative. This task force is chaired by the minister of Federal and Intergovernmental Affairs and includes the Provincial Treasurer, the minister of Economic Development, and the minister of Agriculture. Its mandate is to provide policy direction, and to establish Alberta's priorities and objectives in the forthcoming trade negotiations.

Reporting to the Cabinet task force, the Alberta trade representative is charged with coordinating Alberta's preparations and continuing involvement in both the Canada-United States and the multilateral trade discussions. He has also been named as Alberta's representative to the federal-provincial Continuing Committee on Trade Negotiations, chaired by Canadian Trade Negotiator Simon Reisman.

Agricultural Trade Concerns

Of particular concern to Alberta in the agriculture sector was the increasing international use of grain export subsidies, resulting in growing supply surpluses and falling prices. The need for effective rules governing agricultural trade was determined to be a key Alberta priority.

The Federal-Provincial Agriculture Trade Policy Committee continued to provide effective consultation on trade policy issues. The committee was involved in Canada's defense against the countervailing duties petition launched in the United States against Canadian exports of hogs and pork. It also began preparatory work on the agricultural sector for the upcoming trade negotiations, and was assigned responsibility for focusing on the trade components of the national agriculture strategy.

International Energy Developments

During 1985-86 instability and uncertainty in world oil markets continued. The impact of this instability on heavily indebted countries and resulting vulnerability of world financial markets also became cause for concern. Direct contacts and discussions between Alberta and the International Energy Agency, as well as major oil-producing countries were undertaken.

The prospect of a U.S. oil import tax arose during 1985-86. Alberta's concerns with about tax were discussed with the federal government, which communicated Canada's opposition to the U.S. Administration.

Provincial Involvement in International Meetings

Alberta continued its efforts to expand provincial involvement as part of Canadian delegations at international consultations and negotiations which include issues of direct relevance to the province. Significant progress was achieved in expanding the scope for provincial participation. During 1985-86, the federal government recognized the need for greater provincial participation in Canada's multilateral trade relations and informed the provinces that they would be fully involved in a new round of multilateral trade negotiations. Progress also was made toward achieving Alberta's goals of greater involvement in forums such as the International Energy Agency, the Canada-Japan Joint Economic Committee and various Canada-United States discussions.

International Cultural, Scientific, and Educational Activities

International cultural, scientific, and educational activities are an important aspect of Alberta's relationship with other countries. They provide a valuable means to increase contact and improve understanding between peoples, to stimulate new ideas through interchange, to promote the development of Alberta's artists, scientists, and teachers, and to further trade and other economic goals of the province. For example, cultural, education, and sports exchanges are important elements of Alberta's special relationships with its three sister provinces in Asia.

Alberta representatives participate as part of Canadian delegations to bilateral mixed commissions with key countries, and also as part of Canada's delegations to several multilateral educational and cultural meetings. The province, for example, has participated in various United Nations-sponsored meetings and conferences.

Some of the cultural exchange highlights of 1985-86 included: performances by K.D. Lang and the Reclines at the Canadian Pavilion at Tsukuba, as well as in other cities in Japan; performances by the Small Change Theatre at the New Zealand International Festival; a recital tour of the United Kingdom, Germany, and Switzerland by organist Bruce Wheatcroft; a visit to Heilongjiang, China, by the Native group, The White Braid Society; a seven-concert tour of the United Kingdom by the Hertz Trio; performances by harpist Carol McLaughlin in Japan; an exhibition of ice sculptures in Edmonton by sculptors from Hokkaido and Heilongjiang in connection with Winter Cities '86; and demonstrations and classes by the world renowned brush artist from Heilongjiang, Master Wang Zihe. Performances and exhibitions were held by a large number of other Alberta artists and groups in the United States, Europe, and other parts of the world. In return, Alberta was host to many cultural groups from Asia, Europe, and elsewhere.

In education, 1985-86 saw continued and increased emphasis by Alberta on the support of Canadian Studies at universities and other institutions abroad in order to bring about a greater emphasis on Western Canada and Alberta. Grants were made to several institutions and associations in the United States, including the 49th Parallel Institute in Montana, the Institute of American-Canadian Studies, North Western University in Chicago, and the Association for Canadian Studies in the United States. As well funds were provided to the Foundation for Canadian Studies in the United Kingdom, to assist them with a variety of activities designed to enhance the attention given Alberta and Western Canada in the study of Canada abroad. Financial assistance was also provided to Yonsei University in Seoul, Korea, and the University of Hong Kong to help them initiate similar programs. A number of educational exchanges with Asia were supported including scholarships, language teachers to China, and faculty and student exchange. During the year, the department also continued its distribution of Alberta government publications and books on Alberta to key Canadian Studies Centres at universities and other institutions overseas, and to Canadian embassies.

Scholarships for study at the graduate level at Alberta universities were again offered to a number of students from overseas. In 1985-86 nine new scholarships for Asian students were announced by the minister of Advanced Education: four for Heilongjiang, China; two for Hokkaido, Japan; two for Kangwon, Korea; and one for the University of Yonsei in Seoul. These new scholarships are important as they help to strengthen Alberta's ties with Asia and provide foreign students with an important understanding of the province and its relationship with the rest of the world.

In the area of international scientific exchange, emphasis was placed on cooperation in northern technology and the natural resource sector. Coal liquefaction, coal transportation, heavy oil and oil sands technology, and enhanced oil recovery were of particular importance.

The year also saw continued activity by the Alberta Oil Sands Technology and Research Authority (AOSTRA) in the international sphere. Existing cooperative agreements for the development and exchange of technology in the fields of oil sands, heavy oil, and enhanced oil recovery were pursued, and a new agreement was signed with China. These efforts helped to solve common technological problems, reduce costs through joint efforts and expand the available pool of expertise. They also assisted in the marketing of Alberta petroleum-related technology. AOSTRA also provided analysis and testing services for countries which have hydrocarbon deposits similar to those in Alberta.

International Assistance

During 1985-86, the Alberta International Development Agency continued its program of supplementing funds raised in the province by non-governmental organizations involved in a variety of international assistance projects in developing countries. Total funding by the Government of Alberta in 1985-86 amounted to $7,167,817 million which was used to assist 335 projects in over 70 countries.

Substantial help was provided to assist with famine relief and food production in Ethiopia and other neighbouring countries in Africa affected by severe drought. Approximately $300,000 thousand was provided by the province on a matching basis to non-governmental organizations to assist victims of the Mexican earthquake. An international rescue team from Alberta was involved in assisting victims immediately after the disaster. The Alberta Government also provided considerable financial aid to organizations involved in helping victims of the volcanic explosion in Colombia.

Other types of projects supported throughout the developing world included health and medical services, agricultural and small industry development, vocational training, literacy campaigns, water provision, refugee assistance, and community development.

Summary

During 1985-86 intergovernmental activity was focused in a major way on the commencement of bilateral trade negotiations between Canada and the United States. Alberta took a lead role in encouraging the initiation of Canada-United States negotiations aimed at establishing a comprehensive bilateral trade agreement. Of significant importance to Alberta and the other provinces was the agreement at the First Ministers' Conference in Halifax in November, 1985, that there would be full provincial participation in the trade negotiations.

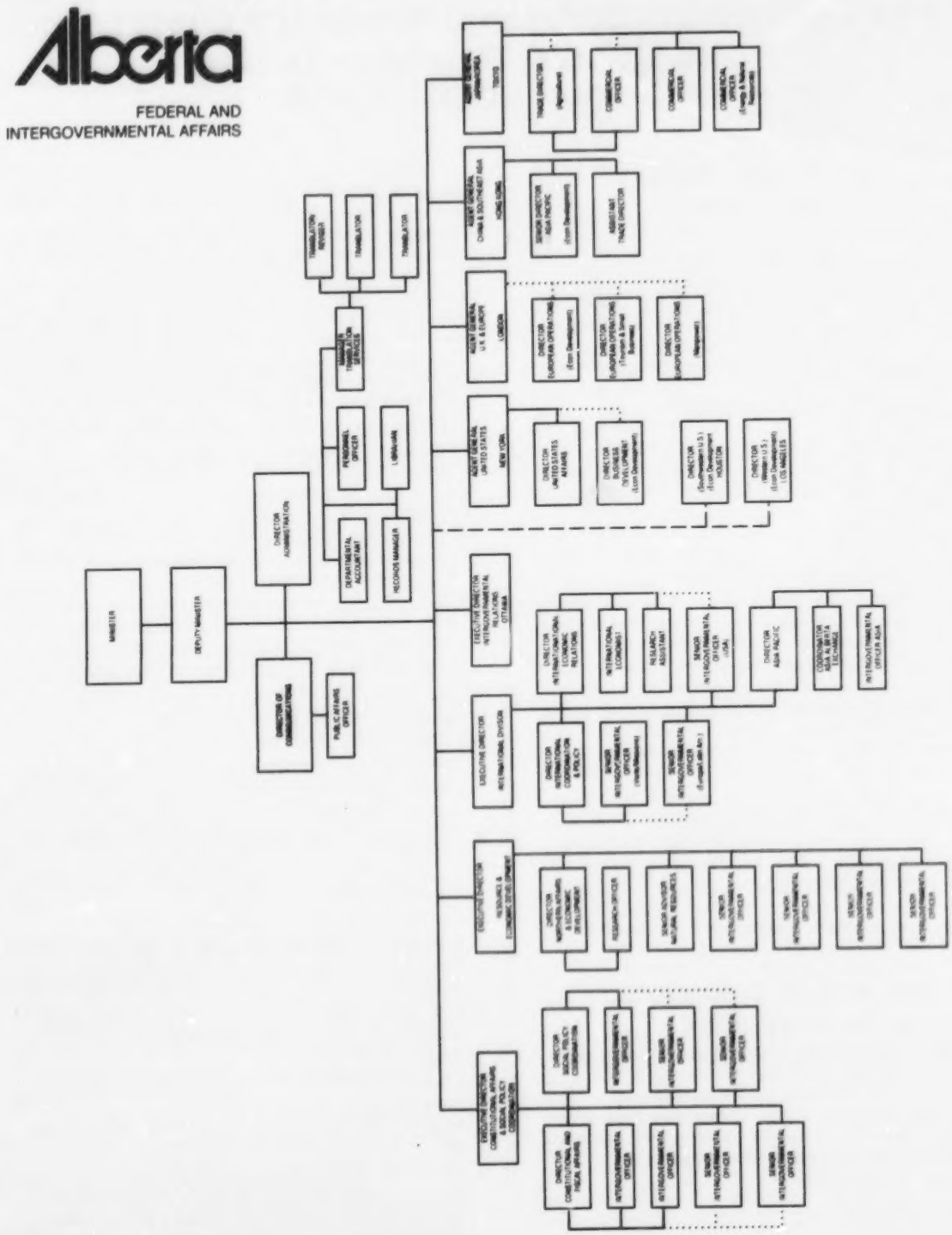
Considerable attention also was devoted to constitutional issues. Discussions continued to be held at the first ministers, ministers and officials level among the federal government, provincial governments, territorial governments and the aboriginal groups. The discussions focused primarily on aboriginal self-government. No consensus was reached among the parties during the reporting period, and it was clear that the issue of aboriginal self-government would continue to be a major item for discussion throughout the coming year. Another constitutional issue which received considerable attention, both intergovernmentally and within Alberta, was Senate reform. On the federal scene some consideration was given to a constitutional amendment affecting the Senate. In Alberta, the Legislative Assembly unanimously agreed on May 27, 1985, to approve in principle the report of special select committee on Senate reform. This report examined the role of an upper House in the Canadian federal system and recommended a "Triple E" Senate — directly elected, each province having equal representation, and the Senate have effective powers in providing a regional issue.

In terms of the economic situation, agriculture was a major intergovernmental concern in 1985-86. The Western Premiers' Conference in May, the Annual Premiers' Conference in August, and the First Ministers' Conference in November all gave considerable attention to possible government actions that could be taken to alleviate the serious situation facing farmers and the agricultural industry.

Federal-provincial relations in energy were relatively harmonious. The reporting period was a time of transition for government and industry as the **Western Energy Pricing and Taxation Agreement** (Western Accord) was implemented. The **Agreement on National Gas Markets and Prices** also signed in 1985, facilitated an orderly transition from regulated to market sensitive prices by November 1, 1986. Toward the latter part of the year, as international oil prices began to decline significantly, attention increasingly was focused on the economic impact of the pricing trends on Canada's oil and gas sector, regional economies, and security of oil supply.

By the end of the fiscal year, it was clear that a number of issues would need to be seriously addressed by both orders of government in the upcoming months. Agriculture, energy, trade (bilateral and multilateral), reform of federal institutions, aboriginal constitutional rights, western regional development – these were just some of the major challenges facing the country. Meeting them will require considerable federal-provincial consultation, coordination and cooperation.

Appendix I


Alberta
FEDERAL AND
INTERGOVERNMENTAL AFFAIRS
MINISTER
DEPUTY MINISTER
DIRECTOR ADMINISTRATION
DIRECTOR OF COMMUNICATIONS
PUBLIC AFFAIRS OFFICER
DEPARTMENTAL ACCOUNTANT
RECORDS MANAGER
PERSONNEL OFFICER
LIBRARIAN
MANAGER TRANSLATION SERVICES
TRANSLATION REVISER
TRANSLATOR
TRANSLATOR
AGENT GENERAL JAPAN & SOUTHEAST ASIA HONG KONG
SENIOR DIRECTOR ASIA PACIFIC (Com Development)
ASSISTANT TRADE DIRECTOR
TRADE DIRECTOR (Agriculture)
COMMERCIAL OFFICER
COMMERCIAL OFFICER
COMMERCIAL OFFICER (Energy & Petro-Chemicals)
AGENT GENERAL U.K. & EUROPE LONDON
DIRECTOR (EUROPEAN OPERATIONS) (Com Development)
DIRECTOR (EUROPEAN OPERATIONS) (Tourism & Trade Promotion)
DIRECTOR (EUROPEAN OPERATIONS) (Manpower)
AGENT GENERAL UNITED STATES NEW YORK
DIRECTOR UNITED STATES AFFAIRS
DIRECTOR BUSINESS DEVELOPMENT (Com Development)
DIRECTOR (Southwestern U.S.) (Com Development) HOUSTON
DIRECTOR (Western U.S.) (Com Development) LOS ANGELES
EXECUTIVE DIRECTOR INTERGOVERNMENTAL RELATIONS OTTAWA
DIRECTOR INTERNATIONAL ECONOMIC RELATIONS
INTERNATIONAL COORDINATOR
RESEARCH ASSISTANT
SENIOR INTERGOVERNMENTAL OFFICER USA
DIRECTOR ASIA PACIFIC
COORDINATOR ASIA PACIFIC ECONOMIC
INTERGOVERNMENTAL OFFICER ASIA
EXECUTIVE DIRECTOR INTERNATIONAL DIVISION
DIRECTOR INTERNATIONAL COORDINATION & POLICY
SENIOR INTERGOVERNMENTAL OFFICER (Trade Missions)
SENIOR INTERGOVERNMENTAL OFFICER (Europe/Latin Am.)
EXECUTIVE DIRECTOR RESOURCE & ECONOMIC DEVELOPMENT
DIRECTOR NATURAL RESOURCES & ECONOMIC DEVELOPMENT
RESEARCH OFFICER
SENIOR ADVISOR NATURAL RESOURCES
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
EXECUTIVE DIRECTOR CONSTITUTIONAL AFFAIRS & SOCIAL POLICY COORDINATION
DIRECTOR SOCIAL POLICY COORDINATION
INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
DIRECTOR CONSTITUTIONAL AND LEGAL AFFAIRS
INTERGOVERNMENTAL OFFICER
INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER

Appendix II

The Twenty-Sixth Annual Premier's Conference. St. John's, Newfoundland August 20, 21, 1985

Communique No. 1: Future Premier's Conferences

The Provincial Premiers at their 26th Annual Conference in St. John's began their discussions today with a review of the First Ministers' Conference on the Economy held in Regina in February of this year.

All Premiers were in agreement that the Conference had been a success. They noted that the agenda topics were of importance and interest to the general public; and that the open format had allowed for free, constructive and positive discussions. Premiers felt this format, by making everyone in a sense a participant, had helped to restore the confidence of the people of Canada that their leaders were dealing effectively with those issues of vital importance to them.

The First Ministers' agreement to hold a First Ministers' Conference every year for five (5) years, the Premiers feel, is important and essential in making the Federal system work.

Premiers then addressed preparations for the First Annual First Ministers' Conference to be held in Halifax in November 28 and 29, 1985.

As Chairman of the Annual Premiers Conference for 1985, Premier Peckford will act as coordinator for the Provinces in liaising with the Prime Minister on preparations for the Halifax First Ministers' Conference.

It was suggested that the format for the Halifax meeting should be the same as in Regina.

Premiers felt strongly that the primary focus of the discussions at the First Ministers' Conference should be jobs and the economy. They recognized the need to priorize and limit the number of agenda items to a manageable level in order to ensure sufficient time for meaningful discussions.

Communique No. 2: Regional Economic Development

The Premiers noted the achievement of Regional Development Ministers in the formulation of the Intergovernmental Position Paper on Regional Economic Development which incorporated the nine principles of regional economic development endorsed at the Regina First Ministers' Conference. (see communique attachment A)

Premiers expressed concern, however, that the federal budget and recent federal discussion papers have not given sufficient expression to these principles. Greater attention must be given to the implementation of a regional development policy based on the nine principles, and Premiers will propose that this be the focus of the regional development discussion at the upcoming Halifax First Ministers' Conference.

Further, Premiers adopted as follows a specific resolution with respect to the role of transportation as a regional economic development tool:

"WHEREAS the importance of regional economic development has been agreed upon by all governments, we the Provincial Premiers, call on the Government of Canada to incorporate in the proposed new National Transportation Act, in addition to an objective of commercial viability, the following:

1) Transportation is recognized as a key to regional economic development; and
2) Commercial viability of transportation links must be balanced with regional economic development objectives in order that the potential economic strengths of each region may be realized.

Communique Attachment A:
THE NINE PRINCIPLES AGREED AT FEBRUARY FMC IN REGINA

1. The federal and provincial governments view regional economic development as a high priority among national and provincial economic goals.
2. The overall objective of regional development is to improve employment and income through sustainable economic activity based on realistic opportunities in each region.
3. Initiatives should be developed through consultation and discussion to assist Canadians in the less developed regions to achieve greater economic security based on economic opportunity.
4. Closer federal-provincial cooperation should be achieved by harmonizing all regional economic development efforts.
5. All major national policies should be judged, in part, in terms of their regional impact. And, so far as is possible, those policies should reinforce the goal of fair and balanced regional development.
6. Particular emphasis by governments should be given to improving the investment climate, to removing impediments to growth, and creating opportunities for the private sector to contribute to maximum economic growth in all parts of Canada.

7. Continuing consultation with the private sector should focus on policies in areas such as innovation, exports, marketing, productivity and training with the overall purpose of developing concerted strategies for growth and adjustment.
8. Governments should explore opportunities for increasing inter-regional trade and eliminating barriers between provinces.
9. Transportation is recognized as a key to regional economic development.

Communique No. 3: Tax Reform

During their discussion on Tax Reform the ten (10) Premiers spoke of the need to improve the national tax system by making it fair and less complex. Reform of the tax system would increase economic growth and boost investor confidence and distribute the tax burden fairly among all Canadians.

Premiers referred to the minimum tax proposals of the Federal Government and recent reform initiatives contained in a number of provincial budgets. As a result, Premiers recognized the need for consultation among Federal/Provincial Governments in this area. Premiers directed their Finance Ministers to initiate discussions on the minimum tax proposals and other reform measures suggested by the Provinces and to report to the Premiers prior to the First Ministers' Conference in Halifax in November.

Communique No. 4: Monetary Policy

The Premiers in their discussion of monetary policy maintained their position established at the Regina First Ministers' Conference that Canada's Monetary Policy should be supportive of investment and economic growth. They noted the more flexible approach following the discussions at Regina.

The Premiers noted in particular the negative consequence for economic growth of maintaining an artificially high Canadian dollar through high interest rates. The dollar should be allowed to find its market level in response to economic forces.

In preparation for the First Ministers' Conference in Halifax, Premiers will ask their Finance Ministers to review, in concert with the Federal Finance Minister, the important role of the Bank of Canada; the relationship between the Federal Government and the Bank of Canada; and, the need for continuing Provincial input in setting of Canada's Monetary Policy.

Communique No. 5: Agriculture and Fisheries

In recognition of the serious problems affecting two of Canada's largest primary resource sectors, Agriculture and Fisheries, Premiers identified an urgent need for the development of a national consensus for these sectors.

The similarities of Fisheries and Agriculture - opportunities, problems, and nature, are so striking that common policies and program approaches are feasible and advisable. As in Agriculture, it is important that provinces, as managers of their economies, have a greater jurisdictional presence in the management of the fishery resource.

Notwithstanding the temporary problems facing Agriculture and Fisheries, these sectors are a part of Canada's strength. In this regard the Premiers place importance on the realization of full potential in both sectors so as to ensure a strong and healthy economy.

Canada is a major supplier of food. The importance of the upcoming General Agreement on Trade and Tariffs (GATT) negotiations to both agriculture and fish products is readily apparent given the obvious failure to fully address agricultural and fish issues in previous negotiations. For Canada, agriculture and fish should be priority sectors in the upcoming negotiations. Specifically these should be a comprehensive GATT code for fish, similar to but not a part of the proposed code in agriculture.

In these areas, Canada has a strong comparative advantage by virtue of its resource endowments. It is critical therefore to stem the rising tide of protectionism which these products face in most export markets.

In view of the opportunities for Canadian Agriculture and Fisheries it is crucial that Governments take action to enhance the stability and growth of these industries and ensure their long-term competitiveness in world markets. The Premiers therefore endorsed a number of principles which should guide their actions.

Principles

1. Governments should be capable of responding to natural fluctuations and disasters in these sectors in a more coordinated and timely fashion. Comprehensive stabilization and disaster relief programs should be developed between the Federal and Provincial Governments and industry to ensure automatic, timely and adequate response.
2. Federal and Provincial Governments should commit themselves to increased efforts on behalf of the agriculture and fishery industries:
   a) Both orders of government should cooperate on the development of a trade strategy to develop Canada's full potential as a major exporter of fish and agricultural products. Emphasis should be placed on developing strategies for new export and domestic market identification and penetration.
   b) Consultation should continue between the Federal and Provincial Governments in preparations for the next multilateral trade negotiation and the upcoming Canada/U.S. trade negotiations.
   c) Federal and Provincial Governments should commit themselves to increased efforts to assist the agriculture and fishery industries in the transition to appropriate new technology and productivity measures.
   d) Emphasis should be placed on developing new financing vehicles to assist both sectors.

Communique No. 6: Federal-Provincial Fiscal Relations

The 10 provincial Premiers rejected the proposal in the May Federal Budget to cut federal support for health and post-secondary education and national equalization by some $2 billion annually by 1990. They agreed that attempts to shift the federal deficit on to the backs of the people will not help the Canadian economy. Both orders of government serve the same taxpayers and offloading responsibilities and costs from one order to the other will not help in meeting service needs.

They noted the projected increasing demands on the health care system as the proportion of elderly Canadians continues to increase in coming decades and the increased pressure on our post-secondary education system for improved education and increased skills. Federal and provincial governments must work cooperatively and effectively to ensure these needs are met.

The federal government has an important role to play, through the Established Programs Financing arrangements, in sustaining health and post-secondary service throughout the country. Federal cutbacks, as proposed in the May Budget, are clearly inconsistent with maintaining present levels of service, let alone meeting projected needs.

The Premiers also recognize the importance of these and other federal transfers as well as direct federal activity to sustaining their shared goal of fair and balanced regional development.

The National Equalization Program is of fundamental importance to Canadian Confederation. Premiers stressed the urgent need to place equalization on a sound foundation. This is essential to fulfill the constitutionally enshrined objective of the program.

The Premiers suggested that Finance Ministers should coordinate the federal provincial review of these arrangements. They noted that federal and provincial Finance Ministers will be meeting to discuss the federal cutback threat in September. The Premiers requested their Finance Ministers to report to them on the results of that meeting prior to the Halifax First Ministers' Conference.

Communique No. 7: Job Development and Training

The Premiers stressed that Canada's economic performance and competitiveness are inextricably linked to a well trained and highly skilled labour force.

They were unanimous in their agreement that:

1. Genuine consultation should take place between the two orders of government before the federal government launches its new programs;
2. Federal programs should be sensitive to accommodate regional needs, and to take account of already existing provincial programs;
3. Greater consultation and coordination between governments and training institutions is needed to increase the responsiveness of these institutions to forces in the market place;
4. Provincial governments should provide leadership in developing training programs;
5. Duplication of federal and provincial programs should be avoided;
6. The real level of federal financial support must be maintained and enhanced, and provided on a multi-year basis.

In the light of these principles, Premiers expressed a number of very serious concerns with some of the thrusts of the Federal Government's new strategy. Specifically, they were unanimous in their worry that:

1. The due process of consultation with the provinces on the proposed federal programs has not been sufficient;
2. The total available federal funds have declined;
3. The proposed federal programs would generate duplication with already existing provincial programs;
4. The programs would not be sensitive enough to the widely varying needs of the different regions;
5. The increased emphasis on the private sector would not maintain an appropriate role for educational institutions, particularly for those provinces with a relatively weak industrial and economic base; and
6. The provincial governments would be excluded from direct sponsorship of projects.

Consequently, while they agreed on the importance of an early starting date for the new programs, they asked the federal government to postpone the September 5 deadline until sufficient consultation has taken place.

Appendix III

Western Premiers' Conference
Grande Prairie, Alberta
May 13 - 15, 1985

Communique No. 1: Investment

Canada must encourage investment in order to create new jobs and preserve existing jobs. Canadians have a high rate of savings and it is essential that more of those savings be channelled into equity investment. Currently business in Canada is considered to have too much debt financing in relation to equity.

The Western Premiers believe the time has come for major policy changes to encourage Canadians to direct their savings into equity investment. The Western Premiers believe that such policies should preferably be national in scope rather than varying among provinces. Careful consideration should be given to a Canada Equity Plan which would provide tax credits for productive investment in Canadian public companies subject to conditions of fairness and simplicity.

The Western Premiers reaffirmed their governments' commitment to cooperate more closely in ensuring that the competition for investment among provinces and regions does not result in the misallocation and waste of scarce resources. While recognizing the need to meet intense international competition for investment, the Premiers agreed that it is essential to prevent unproductive "bidding wars" between provinces for major capital investments.

They emphasized that federal regional development policies require a major overhaul and they welcomed the joint federal-provincial review which is now underway. The Premiers agreed that this review must lead to major changes in the federal government's Industrial and Regional Development Program to ensure far greater sensitivity to the provinces' differing circumstances and priorities.

Communique No. 2: Tax Reform

The Western Premiers discussed Canada's tax system and concluded that a process of reform should begin at once. They agreed that tax reform should have as its objective a lower tax burden.

Reform of the tax system would encourage economic growth and provide governments with the scope to:

- distribute the burden of taxation more fairly among taxpayers;
- reduce taxes for the average taxpayer;
- reduce marginal tax rates to encourage productive investment; and
- assist in reducing deficits.

The Premiers expressed concern that the current system of taxation is not serving clear objectives in an efficient manner. In addition, they noted the growing public perception that the tax system is unfair and unnecessarily complex. This is a result, in part, of the introduction of federal ad hoc tax measures, some of which have questionable economic benefit.

The Premiers believe that a number of broad principles should guide tax reform. The tax system must be: fair; rational; simple; and supportive of regional strengths.

The Premiers noted the merits of tax measures introduced in recent provincial budgets across Western Canada.

The Premiers called for an early commitment by the Government of Canada to the process of tax reform. They directed their Finance Ministers to begin discussions with their provincial and federal colleagues to develop proposals for consideration at the Annual Conference of First Ministers in November.

Communique No. 3: Interest Rates

The Western Premiers reiterated their grave concern that high real interest rates are inflicting serious damage on the Canadian economy. Western farmers and small businesses are particularly affected.

Interest rates must be reduced as much as possible to preserve existing jobs, encourage equity investment and bolster consumer confidence. They called on the federal government and the Bank of Canada to place a higher priority on lowering interest rates.

The Premiers recalled their discussion of interest rates in Regina at the First Ministers' Conference and called on the federal Minister of Finance to convene an early meeting to explore further the ideas put forward there.

Communique No. 4: Agriculture

At the commencement of their discussions on Agriculture, the Western Premiers recalled Prime Minister Mulroney's remarks at the Regina First Ministers' Conference:

> "I don't know that there is an area of our national economic life where there has been a greater productivity increase over the last 15 years than Canadian agriculture and I don't know of a sector that has received less in return in terms of reward for that individual effort."

The Premiers called upon the federal government to correct this fundamental inequity by taking action in four priority areas.

Interest Rates

The Western Premiers noted that real interest rates have risen to all time highs over the past three years. This factor alone has had a particularly devastating effect on farm equity and farm indebtedness. As a consequence, the viability of Western Canadian agriculture, particularly the young and beginning farmers, is under severe stress. The Premiers called on the federal government to take steps to ensure that federal economic policy is directed to achieve lower interest rates.

Red Meat Stabilization

The Premiers of Manitoba, Saskatchewan and Alberta expressed strong support for a uniform red meat stabilization program applied across Canada and urged speedy passage of Bill C-25, now at second reading in the House of Commons. They noted that inconsistent support programs in the red meat sector have created distortions in regional and provincial livestock industries and have undermined natural advantages.

The Premier of British Columbia expressed support for a national stabilization plan that is responsive to regional variations. He noted that British Columbia has not completed its review of the potential impacts of Bill C-25 on the province's livestock producers and reserved the right to suggest amendments.

Beef Import Quota Levels

The four western leaders called on the federal government to reconsider its recent decision to allow substantial increases in the volume of subsidized beef imports authorized for 1986, noting that the decision has a negative impact on the Canadian economy and on Canadian jobs. In the view of the Premiers, Canada should not be intimidated by irrational subsidy programs that put surplus European Economic Community beef on the Canadian market.

Grain Stabilization Programs

The Western Premiers underlined the importance of three federal programs which provide an income safety net for western grain farmers: the Western Grain Stabilization Program, Crop Insurance, and the cash advance programs. A review of these programs is needed to ensure that the safety net is both comprehensive and sufficiently flexible to allow producers to choose to participate in those programs which best meet their individual needs for income insurance. The review should also consider the merits of closer integration of these support programs.

They raised concerns that the Western Grain Stabilization Program is inflexible and insensitive. In the Program's current form, major western crops are aggregated, and payments are made only when income falls below the five year moving average of net cash income for the whole of Western Canada. The Premiers urged the federal government to quickly initiate a review of the Western Grain Stabilization Program with a view to making it more crop, area and producer specific, with payments made on a more timely basis.

Finally, the Premiers strongly suggested that inter-regional inequities between stabilization programs, which now result in farmers paying premiums in Western Canada and not in Eastern Canada, be removed.

Communique No. 5: Transportation

The Western Premiers emphasized that job creation and economic development in Western Canada depend upon delivering products to world markets in the most efficient manner possible. Transportation is, therefore, critical to maintaining and improving our competitive position, especially in the key United States and Pacific Rim markets.

National Transportation Act

The four Premiers expressed support for the review of the **National Transportation Act** being undertaken by the Government of Canada. Transportation has been and should continue to be an instrument of national and regional development policy. For this reason, the user pay approach should be balanced by other considerations to enhance western development. The Premiers expressed concern with the limited scope of the review and the possibility that this could restrict opportunity for Western Canadian views to be fully considered.

Western Grain Transportation Act

The Premiers stated they were pleased that the federal government had responded to concerns they expressed last year in Kelowna with regard to grain transportation. Specifically, Premiers were encouraged by recent intentions of the federal government to amend the **Western Grain Transportation Act**. The Premiers expressed support of the amendments which would remove the 31.5 million tonne volume cap, place a ceiling on freight rates, and move towards making the railways more accountable. They viewed these changes to the **Western Grain Transportation Act** as a positive signal to grain producers.

The Premiers supported the negotiations now underway between the British Columbia Railway (BCR) and the federal government to include the BCR under the terms of the **Western Grain Transportation Act**. They urged an early resolution of this issue to benefit the farmers of the Peace River area in both Alberta and British Columbia.

They noted with concern that the capital expenditure intentions of the railways had been reduced significantly. While capacity is sufficient to meet present tonnages, the Premiers stressed that the railways must provide the necessary capacity to meet future growth in volumes.

Ports

The Premiers noted that previous Western Premiers' Conferences had urged the improvement of port facilities in Western Canada. They expressed satisfaction with the May 16 official opening of the new Prince Rupert grain terminal. This facility will contribute significantly to Western Canada's ability to access Pacific Rim markets.

The Western Premiers reiterated their long-standing support for the Port of Churchill and the federal-provincial plan to modernize and expand the port. They emphasized the need for the federal government and its agencies to do all that is possible to ensure full realization of Churchill's potential.

The Premiers also expressed support for recent federal initiatives giving greater autonomy to local port authorities.

Container Traffic

Concern was expressed by the Premiers that Western Canada was continuing to lose significant container traffic to United States ports. They urged the federal government to bring together all participants, including management and labour, to resolve this very serious problem.

Petrochemical Facility

The Western Premiers noted that the petrochemical industry holds great potential for the upgrading of one of Canada's most important resources. The growth of this industry requires port terminal facilities on the West Coast. The Premiers urged the federal government to expedite regulatory approvals to ensure the timely development of these facilities.

Interprovincial Trucking

The Premiers expressed their satisfaction with the progress that has been made towards the reform and streamlining of interprovincial trucking regulations. They stressed the importance of moving forward rapidly with further cooperative regulatory reform efforts.

Communique No. 6: Federal-Provincial Cooperation

Western Premiers agreed today that a high degree of prior consultation among the federal and provincial governments is necessary in order to ensure that discussions at the Annual First Ministers' Conference in November are productive. The important role that First Ministers' Conferences play in shaping national policy necessitates thorough pre-conference discussions. To ensure a successful conference, Western Premiers proposed that each government appoint a team of ministers to coordinate preparations.

Recognizing that federal and provincial governments serve the same taxpayers, the Western Premiers stressed that the federal government must not shift its deficit to the provinces through reductions in federal transfer payments.

They reaffirmed that Established Programs Financing is a block-funding arrangement for both health and post-secondary education. They rejected any attempt, as in the "Johnson Report" recently released by the federal government, to focus on artificially defined federal contributions to post-secondary education. The increasing provincial cost of maintaining health services makes this arbitrary separation even less tenable.

The Premiers recognized the need for federal and provincial governments to work cooperatively to ensure the stability, predictability and adequacy of federal contributions to health and post-secondary education programming. The review of Established Programs Financing, including any discussions on post-secondary education and health care, should be coordinated by federal and provincial Treasurers and Ministers of Finance.

The Premiers committed themselves to building upon the spirit of cooperation demonstrated at the February First Ministers' Conference in Regina.

Communique No. 7: Canada-United States Trade

The Western Premiers today proposed a comprehensive common market arrangement between Canada and the United States.

A Canada-United States common market would provide secure long-term access to each other's market without barriers, quotas and other restrictions.

The corresponding trade-related job opportunities offered Canadians in the years ahead are exciting. Where jobs are threatened by such a new trading arrangement, provisions for an extensive period of adjustment will have to be made for particular sectors and those adversely affected.

All provinces would fully participate with the federal government in all stages of the negotiations in order to identify the opportunities and problems of a Canada-United States common market before the arrangement is finalized.

The Premiers today recommended this new direction to the Prime Minister of Canada.

Communique No. 8: Multilateral Trade Negotiations

The Western Premiers today wrote to the Prime Minister requesting full provincial participation at all stages of the next round of multilateral trade negotiations. They reiterated their invitation, extended at the Regina Conference of First Ministers, to host in Western Canada the upcoming ministerial preparatory conference of the General Agreement on Tariffs and Trade (GATT).

As their first contribution to the Canadian preparatory process, the Premiers released a joint position paper, "Western Canadian Trade Objectives for the Next Decade", which outlines their interests, priorities, and concerns related to international trade negotiations.

The paper is a comprehensive follow-up to the 1984 Kelowna communique on international trade and sets out western views on the directions for Canadian trade policy. It identifies the priority sectors and outlines directions which should be pursued by Canada in new multilateral trade negotiations.

The interests identified include securing better access and trade opportunities for agricultural products, processed natural resource products, manufactured goods, and services, particularly in the key markets of the United States and the dynamic and increasingly important Asia Pacific region.

The Premiers noted that the Bonn Economic Summit had set in motion the process for a new round of multilateral trade negotiations. A preparatory meeting of officials from nearly one hundred countries will be held under the auspices of GATT in July, with the prospects of further discussions in 1986. These talks are directed towards a new round of world trade liberalization negotiations, which should be of considerable benefit to business and consumers across Canada.

In recognition of the importance of international trade for economic prosperity, the Western Premiers called for effective federal-provincial cooperation at all stages of the development of Canadian trade policies, strategies and positions for the new multilateral trade negotiations.

The Western Premiers noted the increasingly important role of the provinces in international trade. Negotiations have been broadened to include consideration of many issues which, constitutionally, are either the responsibility of the provinces or are shared with the federal government. These include agricultural support programs, provincial government procurement policies, the management of natural resources, and the regulation of services such as insurance and trucking.

The Premiers reaffirmed their previously stated position that provinces should be represented on Canadian delegations at international trade discussions.

Appendix III

Western Canadian Trade Objectives for the Next Decade Western Premiers' Conference - 1985

I. Introduction

The Western Provinces have long recognized the importance of trade policy to Western Canada. In the 1970s, the Governments of British Columbia, Alberta, Saskatchewan, and Manitoba collaborated to identify mutual concerns in, and objectives for, the Tokyo Round of Multilateral Trade Negotiations (MTN). The cooperative effort represented a new and significant development in provincial cooperation and federal/provincial consultations on trade issues.

This document "Western Trade Objectives for the Next Decade" is intended to emphasize the Western Provinces' interest in international trade. It outlines the objectives for a possible new round of multilateral trade negotiations, provides a direction for Canadian trade policies and strategies for the next decade, and expresses Western expectations and concerns surrounding bilateral trade discussions with the United States.

1984 WESTERN PREMIER'S CONFERENCE

At the May 1984 Western Premiers' Conference in Kelowna, British Columbia, the Premiers issued a communique stressing the high priority of international trade to Western Canada. Western concerns with and interests in the future direction of international trade were outlined. The major points included the following:

- trade liberalization a priority especially in the agricultural and upgraded resource sectors where major trade barriers exist.
- Trade discussions with the United States should continue to be pursued especially in sectors of importance to the West.
- The provinces have a unique role to play in fostering increased and improved trade between Canada and the United States.
- Canada must recognize that trade is two-way and resist imposing protectionist barriers against our trading partners.
- Unnecessary impediments to foreign investment must be eliminated.
- The Federal Government must ensure fuller provincial participation in the development of Canadian trade policies, priorities, and strategies.
- The provinces should be fully involved in the preparation for the next round of multilateral trade negotiations including representation on Canadian delegations at various GATT meetings.

II. Western Canadian Trade Objectives

The 1984 Western Premiers Communique on international trade provides the building blocks to develop a Canadian trade strategy reflecting the current international trade situation. As this document illustrates, the major trade objective of the Western Provinces is to maintain and improve international market access abroad and reduce consumer costs.

A. MULTILATERAL TRADE NEGOTIATIONS

Canada should support and encourage a new round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT). Efforts should be made to ensure that negotiations effectively address trade in agricultural products; resource, manufactured or processed products; and services. The negotiations should also deal with the following issues: safeguard actions, export subsidies, and fuller participation in the GATT by less developed countries (LDCs) and newly industrialized countries (NICs).

The Western Provinces are committed to reducing trade barriers between Canada and its trading partners. Major objectives Western Canada would like the negotiations to achieve include:

- further reduction of tariff barriers especially in those sectors where tariff rates remain high (eg. agricultural products, petrochemicals and other processed resource products);
- the reduction and, where possible, the elimination of non-tariff barriers including export subsidies, quantitative restrictions (especially in resourced based products) and domestic regulatory measures;
- improved trade in fisheries products; and
- measures to maintain and further facilitate trade in services.

Major objectives in agriculture include:

- a lowering and, where possible, a removal of tariff and non-tariff barriers by all participants in world food and agriculture trade;
- a review of domestic agriculture policies for their implications on international trade obligations;
- improved access for livestock products into the American, Japanese, and other Asia-Pacific Rim markets through a reduction in tariffs and the elimination of quantitative restrictions;

- a strong discipline in the use of export subsidies by major agricultural trading nations, and the European Community (EC) in particular; and
- the reconciliation and standardization of health standards and testing procedures as well as health certifications; especially in certain Asian countries.

Other areas which are a concern to Western Canada are:

- the procurement policies of the EC, Japan, and the United States' governments, including the "Buy America" legislation; and
- the threat of countervailing and anti-dumping procedures.

Priority sectors for Western Canada include the following.

1. Agricultural Products

Western Canada has consistently attached great importance to the agriculture sector in trade negotiations. Agriculture constitutes an important part of Canada's balance of trade. As well, a significant proportion of Canadian employment depends on the production, processing and distribution of farm products.

Given the small size of the Canadian market for agriculture products, access to foreign markets is necessary to ensure the growth of this sector. Continued product upgrading and diversification is required to decrease the income fluctuations that have traditionally plagued Western agriculture. Unfortunately for Western Canada, trade barriers tend to increase for natural resource products, including agriculture products, as they are upgraded.

The Tokyo Round of Multilateral Trade Negotiations did not result in major tariff nor non-tariff reductions in agricultural products which benefitted Western Canada. Future negotiations in this sector will be difficult. Compared with other countries, the degree of protection Canada now offers its agricultural sector is relatively low. Therefore, Canada has relatively few trade restrictions to remove in exchange for lower trade barriers elsewhere. However, this state of affairs may provide a basis for an argument by Canada that trade barriers in other countries should be reduced.

2. Resource, Manufactured, or Processed Products

The development of the Western Canadian industrial base will contribute to the diversification and growth of Canada. The greatest prospects for diversification lie in industries which further upgrade resource products prior to export. Some industries stand out as being of interest to the Western Provinces. The orderly removal or reduction of trade barriers affecting them should be an objective for Canada. They include:

- agricultural implements
- energy products
- high technology products
- iron and steel
- lumber and other wood products
- non-ferrous metals
- oilfield equipment
- petrochemicals
- potash
- processed agricultural, food and fish products
- pulp and paper products
- transportation equipment

3. Services

Although the GATT does not specifically deal with trade in services, in certain situations, this type of trade is linked to trade in goods and is, therefore, under the purview of the GATT. Generally, tariffs are not a major impediment to trade in services. Instead, trade in services tends to be impeded by government regulations designed to achieve certain economic, cultural, social, and national security objectives. However, some of these regulations have been designed specifically as protectionist measures. With the growth in services trade, it is highly desirable that the rights and obligations of service suppliers be clearly defined.

Services industries which are important include:

- agriculture and biotechnology;
- education services;
- electronic data processing services;
- engineering and consulting services;
- financial services;
- telecommunications; and
- transportation services including tourism-related activities.

B. THE UNITED STATES

The United States is, and will remain, Canada's largest export market. Continued efforts must be taken to improve trading relations with the United States. Discussions should be entered to reduce and, where possible, remove trade barriers and ensure unnecessary trade barriers are not imposed. Bilateral discussions with the United States could continue to play a major role in improving and maintaining market access for Canadian exports.

C. THE ASIA-PACIFIC REGION

The Asia-Pacific Region is a developing market which represents major opportunities for Western Canada. Greater effort should be applied to further developing and accessing new markets in this region. Initiatives in the Asia-Pacific Rim should also include efforts to encourage countries in this region to become fully committed to the GATT process. Finally, Canada should recognize the importance of two way trade and facilitate the removal of trade barriers to imports from these countries.

D. WESTERN EUROPE

Western Europe remains a significant export market both overall and for particular sectors such as forest products, metals, and feed grains. Care must be exercised in recognizing the relative importance of this relationship and ensuring that trade irritants do not undermine the long and constructive relations between our two economies.

III. Benefits of Trade Liberalisation

Canadian international competitiveness, on many occasions, is limited by the inability of domestic industries to attain least cost production levels as a result of a small domestic market. In addition to this problem, Western Canada also bears the transportation costs to major markets, even within Canada. Access to large foreign markets, especially

the United States and the Asia Pacific region, is vital to the continued growth and development of Western Canada.

Liberalization of international trade will benefit all of Canada through greater economic efficiency, productivity, and growth. The benefits will be realized through increased employment, higher incomes, a stabilizing effect on prices, and a downward pressure on interest rates. The Western Provinces do recognize that freer trade will also impose some costs for Canada. Therefore, the approach and adjustment towards freer trade must be carefully developed and analyzed to prevent any unnecessary hardships on Canadian industries and consumers. The major long-term benefits of freer trade include the following.

A. BENEFITS TO CONSUMERS

The reduction or elimination of Canadian tariff and non-tariff barriers will lower consumer costs, increase consumer choice, and improve the quality of available goods and services. This will occur for both domestic and imported retail products, and material and equipment used in the production of domestic goods.

The increased competition from foreign products would encourage Canadian industries to lower the cost of production and increase efficiency resulting in lower consumer costs and higher quality products. The long-term economic benefit to Canada would be an expansion of domestic economic activity and increased employment opportunities.

B. BENEFITS TO INDUSTRY

Reduction of foreign trade barriers on Canadian processed products would encourage the development of downstream processing. Also, increased availability of competitively priced products which are complementary or inputs to domestic production will benefit Canadian industries.

Trade liberalization will provide increased market access for Canadian industries providing the opportunity for expansion, attaining "economies of scale", and diversification into other product lines. Also by improving market access, trade liberalization lowers the risk to investors expanding into export oriented industries.

Larger market opportunities would allow for product specialization. This would increase labour and capital productivity, and would therefore, lower production costs and increase competitive pricing.

C. DIVERSIFICATION

The Western Provinces have the capability to diversify into new industries, especially resource based manufacturing, agriculture, and food and fish processing. Access to international markets will facilitate these industries in attaining the necessary size of operations and efficiency required to produce competitively.

D. IMPORT REPLACEMENT

As Canadian industries become more competitive with their foreign counterparts, some Canadian industries will see their share of the domestic market grow. New and existing firms producing goods in response to the opportunities resulting from an enhanced market access will permit import replacement in areas or products previously not produced domestically. Import replacement through the provision of domestically-produced competitive goods and services will benefit the Canadian consumer, increase incomes and improve employment opportunities. In addition, it will not result in retaliation or impede Canadian access to foreign markets in the manner that protectionism does.

IV. Emerging Trade Priorities

The last few years have seen some important changes in the global economy: a fall in real oil prices (offset for most countries by the rising United States dollar), a slowing of global economic growth and inflation, high unemployment, growing Third World debt, increased protectionism, and the emergence of the Asia-Pacific Region as a major trading region.

An opportunity exists to give new direction to Canada's international trade strategy which will assist in the further development of the Canadian economy and help provide for sustained growth. Through joint federal/provincial efforts, policies can be advanced and measures taken which will enable Canadian consumers and manufacturers to reap the benefits of expanded international trade in the next decade.

A. TRADE POLICY

With the relatively small domestic market of approximately 25 million, access to international markets is important to sustain Canada's growing industries. Unlike countries with large domestic markets, Canada must remain outward looking to maintain a thriving economy. Negotiations on a multilateral or bilateral basis are the most appropriate avenues to achieve access to the markets Canadian producers need to realize least-cost level of output.

There is a growing likelihood that a new round of Multilateral Trade Negotiations will begin within the next two years. The negotiations will be an important mechanism to diminish the threat of new protectionist measures, and lower the protectionist barriers currently imposed. The new round of Multilateral Trade Negotiations will be larger in scope than the Tokyo Round with possible negotiations on trade in agriculture, trade in services, processed resource products, and government procurement. In addition, negotiations for the reduction of non-tariff barriers will be extremely important; especially since non-tariff barriers have, in some cases, replaced the tariff reductions negotiated during the Tokyo Round.

Canada should continue to honour its GATT commitments. The GATT is the foundation of the international trading system, and continues to play a crucial role in the development of the Western Canadian economy. Canada can play an important role in the expansion of the GATT into agriculture, services, and high technology.

Multilateral trade negotiations remain a priority mechanism to achieve freer trade. However, multilateral trade negotiations could take years to complete once they have been initiated. Therefore, bilateral trade negotiations, particularly with the United States, could be pursued in parallel with

Multilateral Trade Negotiations. Any bilateral agreement must be consistent with Canada's existing multilateral commitments.

The United States is, and will remain Canada's largest trading partner. As a result of the Tokyo Round, by 1987, over 90 per cent of the trade between Canada and the United States will be subject to tariffs of less than 5 per cent. In order for this initiative to remain effective, it is important that non-tariff barriers not be substituted. Maintaining and improving United States market access will provide the Western Provinces with some of the greatest opportunities for trade expansion. While Canada/United States bilateral discussions should be given a high priority, potential agreements must be carefully weighed with respect to the costs and benefits associated with freer and more assured access to the United States' market. In any case, Canada/United States discussions should be based on appropriate domestic consultations with the provinces and industry representatives to ensure desired economic growth opportunities and regional balance occur.

Trade is playing an increasingly important role in the economies of the provinces. It is important that the provinces are effective partners in developing Canada's trade policy.

B. TRADE DEVELOPMENT

Joint federal/provincial planning to coordinate both regional and international trade development programs will help to ensure economic growth throughout Canada and will minimize duplication of effort.

The provision of competitive export financing and information on market opportunities, the encouragement of export consortia, and the continual effort to maintain good international relations and goodwill is required.

Increased trade promotion and marketing efforts to develop new export opportunities are required. Hosting international events such as Expo '86 and the 1988 Winter Olympics is an integral part of developing and maintaining trade relations and markets.

Recognition of the role of government in developing key markets is required, for example, in the Asia-Pacific Region. Support for the Asia-Pacific Foundation (established to increase the understanding between Canada and the Asia-Pacific community) will continue to play an important role in expanding market access in this region.

Embassy staffing needs to be reassessed, assigning higher priority to Canadian embassies in regions of growth, especially in the Asia-Pacific Region where the greatest requirement for staffing improvements exist.

C. TRADE RELATIONS

The Western Provinces recognize the importance of independence and a national identity but feel these objectives can be attained without alienating neighbouring countries or trading partners. We should work to avoid negative perceptions, whether real or imagined, which may have a major impact on bilateral trade relations.

The Canadian Government has the major responsibility for international trade relations and must reinforce Canada's commitment to the GATT. Foreign policy, international aid, cooperation agreements, etc. all affect the ability of Canadian producers to access markets abroad, or secure foreign contracts. The linkage of cultural and political relations to international trade is important especially in respect of developing countries. Cooperative discussions, workshops, the review of domestic policies which are trade irritants, information exchanges, and adherence to our GATT obligations, will all assist in improving our foreign trade relations.

The provincial governments have a role to play in the development of good trading relations and as such, should be fully consulted on Canadian initiatives.

D. INTERFACE BETWEEN INDUSTRIAL AND TRADE POLICY

Canada's regional and domestic policies must take into account their implications for international trade and must ensure Canada's international obligations are met. (The reverse is also true, i.e. the impact of trade policy on domestic and regional economies must also be considered.) If efforts to expand trade are to be effective, domestic policies must be directed at encouraging international competitiveness and high productivity.

If Canada expects to extend long-term access to foreign markets, it must be receptive to the importation of foreign products and services. Where necessary for adjustment purposes, protectionist safeguard measures should only be implemented for a limited period, allowing time for adjustment, after evaluating the costs to Canadian consumers and producers, and the possibility of retaliation and the consequent impact on Canadian exports. The evaluation process and policy development should be done with public participation and understanding.

A close linkage exists between regional, industrial, and trade policies. It is important that this relationship be recognized where developing these policies. The Western Provinces recognize the important role of regional development policies in assisting the achievement of more equitable distribution of employment and income in Canada. At the same time, domestic regional development policies and programs must be conceived and implemented in a manner that will encourage and reinforce international competitiveness.

1. Competitiveness

Competition in the international marketplace will continue to increase. It is essential Canadian companies be capable of meeting this competition. Canadian industries must recognize the importance of competitiveness and undertake the necessary steps to achieve and maintain it. At the same time, governments have a role to play by creating an environment which places Canadian businesses on a competitive footing with foreign companies. This may be achieved through the following:

- reviewing and where possible minimizing the regulation of Canadian industries;
- where appropriate encouraging the establishment of export consortia;

- ensuring competitive financing (eg. export financing) is available for Western Canadian producers of goods and services; and
- ensuring that domestic legislation and regulations do not create unnecessary trade barriers for Canadian companies.

Improving competitiveness and productivity both depend on a highly skilled labour force and the adoption of changing technologies. Also, to capitalize of future trade opportunities, it is essential that the necessary export training and export-related educational services be provided.

2. Productivity

Ultimately, Canadian competitiveness will depend on the efficiency of production and its cost effectiveness. Canadian industries must be fully committed to improving productivity. The adoption of new technologies, production and management techniques will provide long-term benefits to Canadian industries and assist them in capitalizing on international export opportunities. Industry and labour support to improve Canadian productivity is a requirement for the continued growth of Canadian exports.

3. Adjustment Assistance

Trade liberalization will have a positive impact on both production and employment in all nations involved. Therefore, an appropriate form of adjustment assistance is required to effect the structural changes brought about by the increase in international competitiveness. Over time, adjustment assistance should be phased out leaving industries which are internationally competitive.

Developing the assistance program will require consideration be given to:
ensuring the assistance is not provided as support to industries proven to be inefficient in the long run;
- ensuring the transition period is clearly outlined for those industries involved;
- ensuring federal/provincial cooperation and policy coordination; and
- ensuring measures are taken to assist private industries and labour out of non-competitive sectors and into competitive sectors.

Adjustment assistance for infant or developing industries may also be required for a short period of time. The assistance would be provided with the objective of expanding trade opportunities and should have a clear cut-off date. Also, this assistance should not be provided in a way which violates the GATT or injures other domestic industries.

While adjustments may be concentrated on Central Canada, the Western Provinces also have protected industries and vulnerable communities, and therefore, will not avoid the costs associated with tariff reductions. Even in stronger industries, there will be a need for transitional assistance to take full advantage of trading opportunities.

V. Federal/Provincial Relations

Both the federal and provincial governments have a major role to play in fostering international trade including: trade policy; foreign relations; education; and industrial, regional and trade development. Therefore, federal/provincial cooperation and consultation is essential to ensure the development of productive and amicable relations with Canada's trading partners.

While the previous round of Multilateral Trade Negotiations provided for some major tariff reductions in some areas, they did not meet all of Western Canadian objectives or expectations. The new round of Multilateral Trade Negotiations may be broader than the Tokyo Round and issues under provincial jurisdiction will be part of the discussions. This change will require greater participation by the provinces in the development of a Canadian position than occurred in the Tokyo Round; including provincial or regional representation on the Canadian delegation to in the Multilateral Trade Negotiations.

VI. Concluding Remarks

Canada must resist protectionism and encourage its trading partners to do the same. Concentrated efforts must be made to reduce and, where possible, eliminate the current proliferation of non-tariff barriers and, in certain sectors, remaining high tariff barriers. Canada will lose in the long run if it institutionalizes protectionism. Maintaining the current protectionist climate indefinitely will only delay the inevitable adjustment to freer trade.

Canada should try to liberalize trade through the following initiatives:
- encouraging a new round of Multilateral Trade Negotiations and playing a major role in them;
- encouraging and entering bilateral trade negotiations where appropriate;
- recognizing that trade is two-way by being receptive to other countries' exports; and
- maintaining good trade relations, especially with its priority trading partners.

Canada must encourage Canadian companies to trade and create a favourable climate for Canadian companies to export. Methods which may assist in raising Canadian exports include:
- eliminating domestic impediments to trading internationally;
- encouraging the formation of export consortia and providing competitive export financing;
- increasing the awareness of Canadian industry of the benefits of international trade;
- ensuring Canada's overseas presence is sufficient, especially in the Asia-Pacific Region where competition for the growing markets is strong; and
- providing the environment which encourages Canadian industry to become and remain internationally competitive.

For either a multilateral or bilateral trade agreement to be effective, the broadest coverage possible is desirable. Therefore, Canada should encourage the full participation of new industrialized countries, developing countries, and less developed countries in the next round of GATT negotiations.

Effective consultation with the private sector will be necessary to ensure their priorities in the upcoming negotiations are reflected. Priority sectors in Western Canada for trade liberalization include: agricultural, resource, manufactured and processed products; and services. With respect to the next round

of GATT negotiations, the inclusion of trade in agriculture and trade in services is considered to be extremely important.

Canada is in a critical stage in preparing for future multilateral and bilateral trade negotiations. All segments of the economy will be affected by trade liberalization. Western Canadian industries should follow any negotiations with the objective of understanding the impact of any changes on them. The Western Provincial Governments are confident that Western Canadian producers will respond favourably to trade liberalization.

Implementation of the policies and programs put forth in this paper will require full federal/provincial cooperation and consultation. The Western Provinces recognize the efforts of the Federal Government in this respect, but believe a greater, more directed process is required. The federal/provincial consultative process should include the following mechanisms:

- Continued annual or semi-annual meetings of Ministers of Trade are required to establish trade priorities, identify areas for additional work and exchange information.
- Regular intergovernmental meetings at the officials level should occur to continue the consultations and coordination at the "working level". Work on specific programs and joint decision-making on trade policy and programs should be included.
- As required, task forces chaired by the Federal Government with provincial government representation, should be established to report on specific trade issues.
- Increased federal/provincial cooperation in trade development activities is required. This would include the expansion of the current consultative process on Japanese and European Community relations, and increased provincial involvement in policy and program development with respect to the United States and the multilateral trade forums.

Efforts must be taken to increase public awareness of the importance of trade to the domestic economy. The various trade promotion activities directed at Canadian producers and consumers must be expanded. Additional emphasis must be placed on explaining the benefits of exports and the need to accept two-way trade.

International competitiveness and a high standard of living requires a skilled and well-educated labour force. As technology advances, the demand for workers who have business, scientific and technical skills will grow relative to those who do not. Efforts must therefore be made to increase the skill and education level of the labour force at all levels.

Education programs and institutions, such as the Asia-Pacific Foundation should be promoted, (which support international trade relations). Since Canada's future industrial leaders will need to build on international trade opportunities, it is essential that the necessary export training and export-related educational services be provided.

Canada's future lies in the internationally competitive industries which build on Canadian natural and human resources. In the movement towards freer trade, an adjustment assistance program will be required. The program should be for a prescribed period only, providing time to undertake the necessary structural changes to become internationally competitive. The program should not protect non-competitive sectors, but assist in moving these industries into competitive pursuits.

Appendix IV

Notes for Opening Remarks by the Premier Don Getty to the First Ministers' Conference Halifax, Nova Scotia November 28, 1985

Mr. Prime Minister, fellow Premiers. It is indeed a pleasure and honour for me to be here – to represent our province and Albertans – at this important conference. A conference where we have the opportunity to work together on national policies and problems.

I wish to take this opportunity to recognize the significant contributions my predecessor, Peter Lougheed, made to First Ministers' Conferences. The commitment to meet annually, agreed to last February in Regina, was especially important to him.

At the outset let me make it clear that Alberta will continue to insist on a full role in the development of national policies and in national decision-making in Canada. I also confirm that we are determined to be treated as equal participants in our Confederation. As such, we not only expect to receive the benefits of Confederation but will also accept our fair share of the responsibility to solve the problems our nation faces.

With this in mind, we are prepared to work with the Federal Government and all Canadians in helping to reduce the huge budgetary deficit that troubles our country. But this should be done by negotiations, not by unilateral action.

Alberta is coming out of tough times. Our economic recovery is broadening. I recently returned to public life after a number of years in the private sector where, in a small business, I experienced those tough times. Personally, I sense a new spirit of confidence in Alberta – a willingness to once again invest in the future.

The energy industry, particularly the conventional drilling and service sector, is returning to its former level of activity. Our governments have signed agreements which have significantly strengthened relations, restored investor confidence, and improved the economic climate. Canadians welcome these initiatives – the Western Energy Agreement, the Atlantic Energy Accord and the Natural Gas Pricing Agreement. They are fair to the provinces, our energy industry and, I believe, to all Canadians. Revenues have been returned to the industry for investment everywhere in Canada. Throughout the country, jobs – direct and indirect – are being generated; goods and services are being purchased, and our small energy related businesses are growing once again.

However, Alberta's important agriculture industry is still in difficulty. It is the foundation of our province and the Government of Alberta has set a healthy and secure agriculture industry as our number one priority. Agriculture is threatened by high costs of production in relation to market prices and income and successive years of disastrous weather conditions. These are factors largely beyond the control of the individual farmer, rancher or processor and, therefore, in Alberta, we have taken emergency steps over the short term to help our ranchers retain their vital breeding herds and to reduce our grain farmers' energy input costs. We will always help our farmers and ranchers when they have trouble. But what our country needs is a truly national, long-term stable agriculture policy. There are many components to such a longer term policy, but in my view there are two key priority items that we must work on immediately. One is an effective disaster insurance program that will provide known, predictable assistance to our agriculture producers so they cannot be devastated again as they have this year. The second is a long-term, fixed-rate financing program. We must stabilize this major input cost so our industry can plan its future. There is no way they can live with a 22 per cent interest rate. We can then direct our minds to perhaps our greatest challenge and that is to be more competitive and more aggressive in both our domestic and export markets.

Mr. Prime Minister – Alberta strongly supports your endeavours to work with the provinces as a team to negotiate a comprehensive trade arrangement with the United States. Canada must be bold. We have matured. We are tough, resilient competitive people. We must put aside our old fears and attitudes and recognize the long-term economic and employment benefits to Canadians that will result from opening up the huge market of our neighbour to the south. Let us proceed with confidence in our ability – not by predicting failure. We must never fear to try.

Another priority facing Canada is job creation. Unemployment – across the nation – is too high. I cannot accept projections that Alberta, for instance in the future, must live with unemployment in the range of 10 to 11 per cent. In a country as diverse and rich as Canada, with its skilled and aggressive men and women, we can do better than that.

But in tackling unemployment, let's remember government "make-work" programs are not the solution. There is only one permanent way to create jobs – and that's by building the vitality of the private sector and by encouraging the profitability and strength of our small businesses. Your May Budget, Prime Minister, went some way to stimulate that economic renewal and we urge you to continue the effort. And as these jobs are created, we will work in Alberta for equal opportunities for women as well as men to fill them. As a matter of fact, Alberta has the highest participation rate of women in the work force in Canada. We are firmly committed to economic equality for women in Alberta.

In building employment, we can look to Canada's energy sector. There is tremendous potential to do so much more in Western Canada that would create jobs and economic growth across the country. Remember, investment in major oil sands and heavy oil projects not only provides security of supply tomorrow but creates jobs today throughout all of Canada. When our industry is active – planning, building and operating energy projects – our construction workers will have jobs, small businesses will thrive, companies will be buying goods and services – from trucks to pipes to compressors, from overalls to tools to computers. The impact would be felt not only in the west: new direct and indirect jobs in Ontario, Quebec and Atlantic Canada would be substantial. An oil sands plant would generate in excess cf 136,000 man years of employment. A heavy oil upgrader would generate 110,000 man years of employment. Forty percent of these would be outside of Western Canada. (See attachment A)

Naturally the opportunities for job creation don't stop at energy. In Alberta the upgrading of our agricultural and forestry resources is equally important. We need to take this country's abundant agricultural output and add value to it by further processing here in Canada, for delivery to export markets in the United States and the Asian-Pacific Rim.

Mr. Prime Minister, fellow Premiers – I've mentioned the major economic priorities we see ahead for us: **agriculture, trade and jobs**. We can successfully meet these challenges – by continuing to work in a spirit of cooperation...by the Federal Government and provinces providing leadership and building the confidence of Canadians...and by working together to reach the bright future that can be ours. We are committed to this goal.

Attachment A
Employment Impact
A Comparison of Major Energy Projects
Regional Distribution of Jobs (Man Years)

	Husky Heavy Oil Upgrader	Oil Sands Mining	Beaufort Crude Oil	Scotian Shelf Natural Gas	Hibernia Project
Western Canada	66,000	87,000	61,000	14,000	2,000
Ontario and Quebec	41,000	48,000	47,000	57,000	40,000
Atlantic Canada	3,000	1,000	12,000	46,000	87,000
Total	110,000	136,000	120,000	117,000	129,000

Ensuring Canada's energy future means jobs for all Canadians.

Appendix IV

Remarks on the Agriculture Industry by the Premier, Don Getty First Ministers' Conference, Halifax, Nova Scotia November 29, 1985

Overview

Canada is recovering its economic strength. There exists an optimism and confidence in the private and public sectors that we have not felt in a long time. However, at this time our basic agricultural industry is facing serious and difficult challenges ...perhaps the most serious and difficult since the depression of the thirties. The fisheries industry faces challenges very similar in nature.

By addressing agriculture and fisheries as a separate agenda item at this conference of First Ministers, we–as the nation's leaders–acknowledge the gravity of the problems that have beset our farmers, fishermen, ranchers, and food processors.

The Government of Alberta is hopeful that, driven by our mutual concern, agreement to collective action will be more easily reached ...action which will have a positive impact in all regions. It is our responsibility to ensure stability in these industries ...to create jobs in these industries ...and to encourage growth in these industries.

The Government of Alberta has shifted its priority from energy to agriculture and has set as its number one priority a healthy and secure agriculture industry. We have dedicated the next decade to agriculture. We are committed to action in a timely and sensitive manner.

Agriculture is the foundation on which the province was built, and its stabilizing influence on our rural communities will continue to be very important. As well, the sector is important in the national context, providing employment to between 10 and 12 per cent of Canadians. To Alberta and the Prairie economy it is even more important. With only nine per cent of Canada's population, Alberta accounts for 25 per cent of Canada's food production. The value of agricultural production and food processing totals $8 billion annually. Today, we have more than 56,000 farmers operating in the province, and one out of every three Albertans earns a pay cheque from agriculture.

The Alberta agriculture industry boasts significant strengths:

- abundant resources of land, soil and water;
- thousands of owner-operated businesses–family farms;
- high-quality, marketable products; and
- efficient, productive operations.

Crop production in Alberta has doubled in the past 20 years. But, as the Prime Minister pointed out at the First Ministers' Conference in Regina: there isn't "an area of our national economic life where there has been a greater productivity increase ...that has received less in return in terms of reward for that individual effort."

In Alberta, there is potential for significant growth:

- expanding our land base and intensifying production on the land currently in use;
- increasing the volume of processed commodities for export beyond the current two-fifths of Alberta's out-of-province agricultural shipments; and
- taking advantage of the natural resource base and climate which are favourable to the expansion of livestock and feed grains production.

Despite its strengths and potential for growth, the agriculture industry is facing major challenges. It is influenced by factors largely beyond the control of the individual farmer, rancher or processor. But meeting the challenges will require the attention and response of all governments.

This statement is presented in concert with the document, **Challenges Facing the Agriculture Sector**, prepared by our Ministers of Agriculture, and in recognition of the significance of agriculture to the economic vitality of Alberta. Alberta fully recognizes and can identify with the major challenges for governments and the agriculture sector as they have been outlined: trade, farm finance, resource-base sustainability, and agriculture development.

A National Policy

The development of a truly national, long-term agricultural policy must be directed toward:

- promotion of regional development and growth of segments of the agriculture sector according to economic potential;
- enhancement of long-term productivity and economic viability of the agriculture industry; and
- improvement to incomes of primary producers and agricultural processors.

These objectives should assist in determining policy directions, and should preclude government actions aimed at achieving regional self-sufficiency, or at promoting artificial development of an agricultural industry that does not exhibit long-run competitiveness and viability.

Alberta's Priorities

Federal and provincial Ministers of Agriculture have been asked to accelerate their efforts to meet the challenges of the industry. They will take action and report on their progress within six months. The Government of Alberta is ready and willing to participate in this drive toward a national agricultural policy. Our initial contribution to this long-awaited federal-provincial process is to clearly set before you Alberta's priorities.

Disaster Relief

Western Provinces and the Government of Canada have taken emergency steps over the short-term to respond to the difficult situation facing farmers as a result of a second major drought and other adverse weather conditions. Governments must develop and implement an effective natural disaster insurance program that will allow producers to insure against future natural disasters.

Financing

Farm finance is critical because of the large amounts of money required in the industry; and because, in many instances, debt has increased to a point where it cannot be repaid. There are rising numbers of foreclosures, bankruptcies and quit claims. Governments have the joint responsibility to identify innovative financial programs with emphasis on increasing investor equity in farm operations, and on providing long-term fixed-rate credit. This is a cost that must be stabilized. There must be a source of funds that is solid and consistent for long-term planning in agriculture.

Method of Payment of the Crow Benefit

There must be a change in the method of payment of the Crow Benefit. Paying the benefit to the railways raises the price of feed grain in the local market, thereby discouraging livestock production and secondary processing. Feed grain pricing distortions in Western Canada can be resolved without damage to the agricultural industry in other parts of Canada. Given the importance of this issue to the Alberta economy, if a consensus cannot be reached in Western Canada, those provinces where direct producer payment is supported should be given that option.

Trade

Trade is vital to Alberta's agricultural sector. Half of what we produce is sold outside of the province. We must coordinate our efforts in search of greater market opportunities. This is so important, not only for our raw exports but to increase opportunities for value-added food products.

Canada should promote and participate in trade negotiations that liberalize trade, eliminate trade barriers, avoid protectionism, and combat subsidies that distort trade, both interprovincially and internationally. Canada must fulfill its international trade obligations but, at the same time, ensure that our rights are enforced. The federal government must be more aggressive in dealing with the consequences of the European Common Agricultural Policy that have a detrimental effect on the Canadian agricultural sector.

In terms of international negotiations, Alberta believes that a comprehensive trade arrangement with the United States will be of net benefit to Canadian agriculture. There is no reason that the industry cannot hold its own in a more competitive trade environment, given good negotiation and a proper adjustment period. Canada must create a framework to counter the potentially disastrous effects of rising American protectionism, as demonstrated by their recent complaint about Canadian hog and pork shipments.

The development of international competitiveness in the agricultural sector must be a priority of future bilateral and multilateral trade negotiations. Canada cannot afford, nor will Alberta accept, having the agriculture sector again traded off or ignored.

Red Meat Stabilization

Alberta wishes to see all-province participation in the red meat stabilization plan to provide a measure of consistency to a more competitive national livestock and meat industry. It will allow the industry to achieve its full potential and at the same time discourage sanctions by our trading partners.

Transportation

Alberta is a land-locked province, dependent on export markets. Therefore, transportation policy, particularly rail and port, is critical to our economy–critical not only to the agriculture industry, but for our forestry, petrochemical, sulfur, coal, fertilizer, and manufacturing industries.

Alberta welcomes the Government of Canada's position paper on transportation policy, **Freedom to Move**. It acknowledges the "captive shipper" situation facing rail users, and recognizes the need to create a regulatory environment conducive to increasing transportation efficiencies. We look forward to the implementation of these policies through legislation.

Feed Grain Marketing

Alberta believes efficiency in the feed grain market can be improved through further deregulation. This action would have a positive effect on feed grain producers, as well as the livestock and poultry industries.

Grain Stabilization

Changes are required for crop insurance, western grain stabilization, and the cash advance programs. These programs must be made more responsive to the individual needs of Western farmers for production insurance, income insurance, and cash flow. They should be presented as an integrated and complementary package through which cereal and oil seed producers could stabilize their incomes.

The Resource Base

As Alberta attempts to increase its productivity, we must pay more and more attention to the factors which govern land quality. Farm operators face the conflict of increasing production costs in the face of falling prices. Soil conservation and land reclamation are costly to our producers. As a nation concerned with conservation, we must determine a way to share these costs with our farmers by providing incentives to conserve our valuable land, soil and water.

Research

Research and the application of new technology will play an increasing and major role in livestock and crop improvement, food processing, and soil conservation. We have made remarkable strides in the past 25 years. The benefits of research in the agricultural industry are in the order of $40.00 for every $1.00 spent. Obviously, the reduction of government funding is not the direction to take. Governments have a responsibility to support research to an even greater extent, and to improve the transfer of the latest in technology to our farmers.

CONCLUSION

Alberta strongly endorses the need for a truly national agricultural policy. Alberta supports the recommendation that our Ministers of Agriculture turn their attention and resources toward the resolution of the issues facing the agriculture sector. Canada must combine her talents and resources to deal with the challenges that have been identified. Alberta is willing and ready to tackle these challenges. Together, we must take positive action now in response to the needs of and the opportunities for this valuable, renewable resource industry.

Appendix IV

Understanding reached by First Ministers on the Issue of Provincial Participation in Canada - United States Trade Negotiations First Minister's Conference, Halifax, Nova Scotia, November 29, 1985.

1. The ministers agreed to the principle of full provincial participation in the forthcoming trade negotiations between Canada and the United States and in the GATT.
2. The Canada-US negotiations are now in their preparatory phase. During that phase, the ministers agreed, in the next 90 days, to give effect to the principle of full provincial participation through, among other things:
   - establishing a common basis of facts and analysis;
   - each province and the federal government setting out their objectives for the negotiations; and
   - establishing an agreed view of the obstacles to the achievement of these objectives that may exist in the United States.
3. The ministers agreed further that this preparatory work should include the determination of how best to give effect to the principle of full provincial participation in subsequent phases of the negotiations; and that the work might be accomplished, among other ways, through holding further meetings at the level of ministers or first ministers if necessary.

Appendix V

Remarks in the Alberta Legislature by the Hon. James D. Horsman and Premier Lougheed during Debate on the Report of the Special Select Committee on Senate Reform May 27, 1985

MR. HORSMAN: Thank you very much, Mr. Speaker, and members of the Assembly. I would now like to rise and move Motion 7, as amended, standing in my name and to participate in this debate on the report of the Select Special Committee on Senate Reform.

First, I want to congratulate the members of the committee and in particular its chairman, the hon. Member for Calgary Currie, for producing a thoughtful and thought-provoking report, which I believe will stand as one of the most comprehensive documents on the Canadian Senate and the reform of that institution produced anywhere in this country at any time.

Mr. Speaker, if I wanted to be somewhat partisan — perhaps "partisan" is not the right word. But I could recall some of the remarks that were made following the appointment of the committee back in November 1983 about the fact that it would serve no useful purpose. I won't dwell upon that, because in many ways it would appear this report could not have come at a more appropriate time.

Without straying too far into the area of Motion 13, which is also on the Order Paper in my name, we have to consider the forum in which this report might find a method of implementation, if the motion is approved. The proposed constitutional amendment on limiting the legislative powers of the Senate had apparently, up until a few weeks ago, pushed Senate reform to the top of the agenda for intergovernmental discussions on the constitutional changes.

I should point out, Mr. Speaker, and it was emphasized in the question period today, that this government sought assurances that the proposed constitutional amendment would in no way be a final step in Senate reform but rather a beginning for serious intergovernmental discussions aimed at reform. I point out and repeat what the Premier has already stated in Question Period, that we had sought a sunset clause for this legislation. We thought 1988 would be an appropriate date for the sunset clause to apply in the event that we had not dealt with meaningful Senate reform by that date. The Premier has dealt with that. I will not repeat, except to say that, unfortunately, not enough other provinces agreed with that proposal; therefore, as the members will recall, the preamble to the resolution included a commitment to have first ministers meet before the end of 1987 to address Senate reform.

Mr. Speaker, a continuing committee of ministers would be struck well before that time to thoroughly explore all aspects of the Upper House, including purpose and powers, methods of selection, and basis of representation. This government strongly believes that a written commitment to a future process was essential as part of the proposed amendment, because it would provide a real opportunity to effect long overdue reform of the Senate in Canada. We felt those commitments, in writing, from Prime Minister Mulroney and exchanges of letters between him and our Premier and the written commitment by the Minister of Justice to me would suffice to convince Canadians and members of this Assembly and others that there was, in fact, that commitment. But now, of course, we have to ask whether or not the window of opportunity for meaningful Senate debate and reform is closing as a result of what has taken place in Ontario. We can only wait and see what will happen there, Mr. Speaker. I suggest that even if it is not possible for that Assembly under the current circumstances to move through to a constitutional proposal, it is still possible for, and we will press hard for the establishment of, a continuing committee of ministers to push for and review the entire aspect of Senate reform. We shall see what will take place in the next while. In any event, it is the commitment of this government to press forward.

There is a high level of interest shown by Albertans on Senate reform, and that demonstrates the need to commence intergovernmental discussions as soon as possible. Without a doubt, the recommendations of the select committee will play a prominent role in those deliberations. This report has already received national media attention, and its recommendations have been discussed on the floor of the House of Commons. I note, Mr. Speaker, that the hon. Member of Parliament for Edmonton West has raised a recommendation of the committee's report during a recent debate on a private member's motion. I anticipate that the committee's work will continue to be discussed wherever and whenever Senate reform is seriously considered.

Mr. Speaker, the debate on reform of the Canadian Senate has gone on for almost as long as there has been a Senate to reform. Although its credibility as an effective institution has certainly diminished since 1867, it is perhaps worth remembering that agreement on the composition of the Senate was instrumental in securing Confederation. Indeed, the basis of representation in the upper House was the greatest compromise of the Quebec conference of 1864. During their deliberations at Quebec, which eventually led to what was then the British North America Act, the Fathers of Confederation spent six out of the 14 days discussing the composition of the Senate. The composition reached was that there should be equal representation from the three regions: Upper Canada, Lower Canada, and the maritimes.

Equal representation on a regional basis was considered

at that time to be absolutely essential to bring particularly Lower Canada, what is now Quebec, into Confederation. Mr. Speaker, this agreement on the composition demonstrated the intention of the Fathers of Confederation that the upper House should provide equal regional representation in the parliamentary process and protect the interests of the provinces. But remember there were only four provinces who entered into Confederation in 1867.

While the Senate's role in representing and, to a certain extent, protecting the interests of provinces is as important today as it was at the time of Confederation, a number of original objectives are now no longer valid. Those have been mentioned very effectively in the report, and I won't dwell upon them. As we are all aware, proposals for the reform of the Senate are legion. In spite of the plethora of governmental, academic, and private reports on reform, there have been very few changes made to the Senate. Prior to the recently announced constitutional resolution on the powers of the Senate, the only real alterations to the upper House have been to change the number of Senators as more provinces entered Confederation. Unfortunately, when that was done, they lost sight of the principle of equality, and today we have a Senate which is not equal in terms of representing the interests of the provinces.

The other important change, of course, was to change the age at which Senators must retire. Now they must retire by age 75. As an aside, I wonder whether or not the Charter of Rights might have some impact upon that. I hope not, but we shall see.

There have, of course, been attempts at reform. In 1978 the federal government introduced Bill C-60, which would have significantly changed the Senate's powers and the manner in which Senators were appointed. But as was the case with so many of the previous government's initiatives, this one was put forward without the concurrence of the provinces. In their 1979 judgment, the Supreme Court of Canada ruled that most of Bill C-60's proposals for reforming the Senate could not be done unilaterally by the federal Parliament. Indeed, this judgment reaffirmed the constitutional link between the Senate and the provinces and the importance of that relationship in the operation of Canada's federal system.

Mr. Speaker, the question may be asked as to why there is so much interest and urgency about reforming the Senate at this time when historically so little has been accomplished in spite of all the reports and recommendations. Perhaps the big difference, the vital difference, is that with the adoption of the amending formula in the Constitution Act of 1982, governments in Canada now have the ability to change the institutions of our federal system. No longer does the Supreme Court have to decide, as it did in 1979 on the Senate and in 1981 on the federal government's constitutional package, what the proper method for amending the Constitution should be. No longer, Mr. Speaker, do we have to go to Westminster to effect constitutional change.

The method for reforming the Senate is provided for in the amending formula, which I point out with some pride was largely proposed by Alberta. Under subsections 42(b) and (c) respectively, constitutional amendments affecting

> the powers of the Senate and the method of selecting Senators

and

> the number of members by which a province is entitled to be represented in the Senate and the residence qualifications of Senators

must be made in accordance with subsection 38(1), the general amending formula. Under this formula resolutions must be passed by two-thirds of the provinces having 50 percent of the population plus the House of Commons and Senate. Of course, if the Senate does not pass the resolution within 180 days and if the House of Commons again adopts the resolution, then the amendment is approved. In short, Mr. Speaker, the amending formula will allow us to move forward on reform of the Senate.

I believe this is a prime reason for the renewed public interest. People know that governments in Canada have the ability to effect real constitutional change. This government of Alberta took up the challenge by establishing the select special committee. On November 21, 1983, we in this Assembly adopted the resolution which appointed that committee. It's interesting to look back upon the debate that took place that evening and see what was said by various members of the Assembly. At that time, as I indicated earlier, it appeared that there was little interest in this issue and that it would bring about nothing. Of course, that was the subject of some considerable editorial comment throughout the province.

I believe that the adoption of the amending formula and the patriation of the Constitution have created an enhanced awareness by Canadians and Canadian governments of the constitutional experience of other countries. Our system has been shaped largely by the British parliamentary system and, of course, retains the monarch as head of state. These traditions continue to serve us well and provide Canada with a good system of government. Yet Canada has evolved since 1867, and our institutions such as the Senate must reflect those changes. We are now in a position to examine more carefully the institutions of other countries in order to draw on their experiences in reshaping the institutions within our own federal system.

Mr. Speaker, I am impressed that the select special committee carefully examined how Senates or their equivalents operate in other countries, including federal and unitary states. The background documentation in the report includes useful studies on systems in Australia, the United States, the Federal Republic of Germany, the United Kingdom, and France.

This section of the report was of particular interest to me, because I travelled to West Germany in early 1984 with Ontario's former Minister of Intergovernmental Affairs, the hon. Tom Wells, to study the *Bundesrat*, West Germany's second chamber. I was pleased to meet with the committee and spent some considerable time following the trip to share my observations with them. As the committee's report indicates, West Germany's second chamber functions quite differently from the Canadian Senate. Elected state representatives to the *Bundesrat* are appointed by the *Laender* or provincial governments, enabling the *Bundesrat* to act as a forum for intergovernmental discussion. I should also note, Mr. Speaker, that the *Laender* governments in West Germany do not have the same degree of jurisdictional responsibility as do provinces in Canada. This contributes to the importance of the *Bundesrat* in representing the views of the *Laender*.

In its report the committee rejects having our Senate operate as a forum for intergovernmental negotiations. The committee holds the view that the Senate should have a direct relationship with the electorate and not an indirect one, which is the case with the *Bundesrat*, where elected state representatives are appointed. Nevertheless, Mr. Speaker, I note that the committee's recommendations have to some

extent been influenced by the *Bundesrat* with respect to the section on powers of the Senate. The committee recommends that the House of Commons be able to over-ride amendments to nonmoney Bills by a vote that is greater in percentage terms than the Senate's vote to amend. In the German legislative system the lower House, the *Bundestag*, can override an objection by the *Bundesrat* on ordinary legislation only if it obtains the same majority as the *Bundesrat* did in passing the objection. That's an interesting addition to the recommendations of the committee's report.

Mr. Speaker, it is interesting to note that in its report of January 1984, the Special Joint Committee of the Senate and House of Commons on Senate Reform also rejected the *Bundesrat* as a model for the Canadian Senate. Before the Constitution was patriated, the idea of the House of Provinces was somewhat more popular. Indeed, the German model greatly influenced the government of British Columbia's proposals on Senate reform in 1978. It will be interesting to see how that particular province, which has given some considerable attention over the years to the subject of the role of the upper House in the Canadian parliamentary system, approaches the table and how much common ground we can find with British Columbia because of their very real interest in what is taking place at the present time and the views they have expressed in the past.

Additionally, as part of my portfolio responsibilities, I had the opportunity to meet with members of the House of Lords in London, as well as with constitutional experts from Australia, to discuss the structure and objectives of their respective upper Houses. I pointed that out in the debate on November 21, 1983. I personally believe there is much to be learned, something to be garnered, from most democratic systems and their treatment of upper Houses.

Mr. Speaker, the select legislative committee has presented this Legislature, and indeed the country, with a report that covers all areas of Senate reform that will be considered in future discussions: the purpose of the Senate, method of selection, basis of representation, and powers. There can be no doubt that the committee consulted extensively with Albertans throughout the province during its deliberations and, in turn, reflected those views in this report. By going to every provincial capital, the territories, Ottawa, and Washington, the committee also gained an appreciation for the different views that will be represented in future discussions and therefore obtained firsthand the then current thinking of legislators across Canada. That added the element of depth to this report that was so essential.

Let me conclude, Mr. Speaker, by saying that the fine work of this committee places the government of Alberta in the position of being one of the, if not the, most prepared. I think we are the most prepared Legislature in Canada, of the provinces and, for that matter, the federal government, for the upcoming intergovernmental discussions on Senate reform. This government has always held the view that a reformed upper House has an important role to play in representing provincial and regional interests in the federal legislative process. This belief has led us to push for early commencement of intergovernmental discussions on Senate reform. As I indicated in my opening remarks and earlier in the question period, there is now some doubt as to how we will proceed. But members of the Assembly should be aware, as should all Albertans, of the strong commitment of this government to this process of consultation and reform.

I want to assure the Assembly and Albertans that the government of Alberta is confident that the recommendations of the committee will be addressed during the intergovernmental discussions, for now as never before governments in Canada have the means to bring about real and long overdue [changes] to the upper House in Canada. This committee's thoughtful report represents an option to be considered by all participants in the forthcoming discussions. If the motion I placed before the Assembly today is passed by this Assembly, we'll have approval in principle of the three elements of that report. I'll go back over them very briefly: equal, meaning equal representation from each of the provinces; effective, and I believe that will be brought about as a result of what the committee has recommended; and elected, which I will leave for members of the committee who will be participating in the debate to explain more fully. I think the recommendations for the method of election are unique. It has never been suggested before in any of the other reports that I'm aware of but really fits in so neatly with the equality section that it makes this report one of the most effective ever brought forward on this whole subject on the Canadian scene.

Therefore, I speak strongly in favour of the motion now before the Assembly, and I look forward to participation by members during the course of the debate.

MR. LOUGHEED: Mr. Speaker, I've been waiting for many weeks, not always patiently, for the opportunity to participate in this debate, because I believe it is a very important and a very timely debate for our province, for our Legislature, and for the longer term future of our nation.

I want to present some views that haven't yet been put forth in this very important debate we've held through the afternoon and evening. I wanted the opportunity to hear members from all corners of the Legislature before making some observations. I want to explain to the members, through you, Mr. Speaker, a somewhat different position, a perhaps significantly different position, than I held on this matter as of just three years ago, and why.

When I enter into a debate on the Senate, though, from a personal point of view I have to express to you, Mr. Speaker, and the members that it is a good thing I am not superstitious and do not believe that thunderbolts will come from Heaven, from my grandfather. My grandfather was in the Senate for many, many years. He was not only the leader of the government party in the Senate but was in the Senate as a federal cabinet minister, part of the executive council of the day. If he could read what I'm about to say, I'm sure we would be having an interesting family debate.

The reason I'm involved in it from that point of view and raising it historically is that in watching the evolution of Canada, and some of the members have noted it in this debate, the Senate really changed. It changed in its perception. It changed initially, as some have noted well, from a view that it was there to represent regions. It changed to where it is today — a very sad situation. Where it struck me was a luncheon I held in 1981 with a former Premier of this province, the then Senator Ernest Manning, when he was telling me about his frustrations in the debates when they were discussing the numbers of matters of legislation proceeding through the Senate that arose from the national energy program, including such matters as the tax called the petroleum and gas revenue tax, and the complete lack of concern or even interest in the Senate of the day, 1981, in what was happening in the regions of Canada and the impact of such a measure upon the regions of Canada. The

combination, on one hand, of looking back from my grandfather's career in the Senate of his time to that discussion with Senator Manning about the national energy program and the way it was automatically approved by the group then in the Senate passing through that measure of October 28, 1980, that never even went to the cabinet of Canada — that is something yet to be established, but something we who lived through it knew happened.

Mr. Speaker, I want to start, as others did, by congratulating the committee. They've done just an excellent job. I want to come back to some of their recommendations that have excited and interested me. They're innovative approaches. So to all the members of the committee, my congratulations. The way a select legislative committee should work — determined, relative to their objective, what they could accomplish, how they should go about doing it, who they should see, who they should discuss it with, the input they would get from the citizens of this province, from people knowledgeable in other parts of Canada, and in other countries as well.

I want to start with the premise of what we're really striving for here in this debate, that in decisions made nationally there be, in this federal system of Canada, a regional input that comes from the various regions of Canada. Let me first of all, though, respond to some of the comments and observations that have been made from time to time, and a few even in this House. After my experience as first minister, there have been ups and downs in that whole system of federal/provincial relationship and the development of national policies, but I think it is important to put on the record in these remarks today, in late May 1985, that it hasn't always been down, that there have been some important, positive examples, situations, and steps forward in terms of federal/provincial relationships which should be taken into consideration in a debate of this nature.

There are a number of important times in which provinces — not the large provinces, but provinces — were able to change the course of national policy, fighting against very important odds in doing so. I can't think of one more significant than what the Member for Lethbridge East and I will recall were those days in November 1981 when we were faced with a unilateral attempt by the Prime Minister of Canada to change the Constitution in this country without involving the provinces. We worked for a whole year and a half to change the course of Canada. Many, many times I think about: what if that had been successful? What if the provinces had become meek and had accepted the criticism that had come their way of the so-called "gang of eight", and we had had a Constitution of Canada that had been pushed through by the federal Parliament without involving the provinces? What a different country that would have been, because once that had been established, from then on it was clear what the role of the provinces would be. But we were able to resist that by pulling together other provinces first, public opinion next, and generally express across this country that basic Canadian factor, that many of the speakers have mentioned, of fairness. When we made that case of fairness, public opinion shifted. So that's one very good example of what can be done by determination of provinces, not necessarily the larger ones.

Part and parcel of that, as the Member for Taber-Warner has just pointed out, is the debate I remember so well, with only one dissent here in the Legislative Assembly in 1976, when we dealt with the matter of the amending formula, when we were alone, the only province. I stood in this very place here in the Legislative Assembly and with the support of the members we had, we pushed that point forward. I can remember the critics and the skeptics saying, "There's no way that will become the amending formula of Canada." But it was, and it did. In 1981 it was the amending formula of this country.

I note that the Premier of Quebec in his proposals would, I'm sure, have read the document which would indicate that there could not be a veto for Quebec, because you could not have a veto for Quebec without having the approval of the Legislature of Alberta. I have fairly strong confidence that approval will not be given. I presented that view pretty directly to the Premier of Quebec and to the leader of the Liberal Party in Quebec. There won't be a veto because we believe in equality of provinces. So that was part of a determination on our part.

There is another very important example of what can happen by a province, not one of the larger provinces, determined to take a position, to stake it out, to develop a support on the premise of fairness. That was on September 1, 1981, when we, basically one province, were able to create major changes in a federal budget — the national energy program of October 28, 1980. It might be an appropriate time for me to remind the Leader of the Opposition, who is unable to be in his seat tonight, that the national energy program was October 28, 1980, and that this government went so far as to turn down the taps to strengthen the position we had — one of the most difficult days I ever had — to effect significant changes in the national energy program which occurred on September 1, 1981. So it is very offensive to me when people suggest, by a misreading of the contemporary history of this country, that we were a participant or signed the national energy program. That of course is pure nonsense and a misreading, intentional or otherwise, of the facts.

The western premiers in this country, Mr. Speaker, have also come together from time to time and been able to make some very important changes in the course of the country. I remember in 1976 when we started in Medicine Hat at the Western Premiers' Conference, and we developed a position with regard to established program financing, one of the most important parts of federal/provincial relationships — the financing by the federal government of health care and education costs. Out of that communiqué of the western premiers' came a development for all 10 provinces, and then from those 10 provinces in 1976 for the established program finances that have served this country very well indeed.

Then we come to February 14, 1985, and a new era in federal/provincial co-operation. It was a situation then in which we saw what can be done in Canada, with a new Prime Minister projecting in full television. I could not understand at all the comments made tonight by the Member for Spirit River-Fairview to the effect that somehow or other a council of provinces is going to have more attention than a fully televised conference of first ministers. We had the focus. We had the interest and the attention of citizens, and it was a productive conference, one in which we were able to work together and to produce some very important results. There was an openness about it. Yes, perhaps it was personality and chemistry. But the fact was, it worked. When you look at that and at the results of that on February 14 and 15, 1985, that was a beginning of a new era in federal/provincial relations and, I think, one that will continue — I'm optimistic — for some time to come.

Of course, the annual premiers' conference itself in Charlottetown last year was able to develop all 10 provinces

supporting the concept of first ministers' conferences occurring on a regular basis, at a specific time each year, such as in the month of November. That idea is now being accepted by the federal government, by the Prime Minister of this country, and came out of the Regina conference in February. We now have ahead of us for five years the undertaking that we will have a first ministers' conference on the economy. We would be discussing fiscal matters as well.

So a lot has happened in terms of federal/provincial relations in a few short months that makes me very positive about it, including of course the western accord. I raise that because the situation of interest with regard to reforming the Senate is by far the highest here in the province of Alberta compared with other provinces. That is so because this province suffered so deeply, was wounded so grievously, by the national energy program. As the Member for Calgary Buffalo pointed out, there is a feeling by many of our citizens that if we had had a national institution such as is proposed along the lines of this committee report, the national energy program would not have gone through. At least it would not have gone through in the general form of discrimination that came out of that particular federal budget of October 28, 1980. It wouldn't have happened to the same degree.

I've thought a lot about that, and on balance I have to agree with that concept. I still think we would have had the national energy program, but we would have seen major modifications in it if we had had a situation where we had a Senate or an upper House along the lines proposed in this legislative committee report. It isn't to say that it wouldn't be difficult with regard to consuming and producing provinces. But I believe now, after a lot of thought, that if we had had in place, in that difficult period following the national energy program during 1981, an upper House which followed along the lines of this document, Strengthening Canada, the national energy program would initially have been modified significantly, and it would not have taken the stress and strain of a province like Alberta turning down the taps and having to do so many other things to reverse the course of that very ill-fated policy, that was finally put to rest and buried in March of this year.

My concern over the years with the ideas of changing the Senate has been: would those changes occur in such a way that they would weaken provincial governments? I've been very concerned about that, because sometimes on paper an institutional situation, such as a reformed Senate, looks better than the reality of people and personalities working very hard to project their point of view. I believe that is true for a province such as Alberta, because our experience has been in this period 1971-1984 that we've had mandates that have permitted the leaders of government of Alberta to speak in a strong, clear, and direct voice on a national stage, with the citizens in full support of almost all the issues. Would that be the same if you had a situation with regard to a Senate or an upper House that perhaps was talking with many different voices? Or what of a situation, which you could foresee 10 years from now, of a Senate along the lines of this committee report, where the leader of the provincial government, the Premier of the province, was at serious odds on a major point with those elected to the Senate from the province? Then what? That has worried me for some time, so I've been thinking about how we could respond to that.

My view in 1982 supported a discussion paper of this province that what we should do is have a Senate that was appointed by the provincial governments. That of course did not find favour, and I can understand why, because the concept of an appointment simply doesn't have the strength that is required in modern day political activity that emanates from an elected body as distinguished from an appointed body. No matter how the body was appointed, it still wouldn't have the impact upon Canadians that an elected body would have. So I came to the conclusion, in thinking about it over my times and years involved, that perhaps that wasn't right, that there should be an elected body.

Then I've been puzzled as to how we could establish an elected body that wouldn't be at odds with the provincial government and that wouldn't dominate intergovernmental negotiations and that the resource management responsibilities of an elected provincial government would still be the fundamental force of strength in a nation such as ours. How could that work? Then, lo and behold, a select legislative committee of this province came forth with some very brilliant, innovative ideas that dissipated my concerns to the effect that I'm very happy to stand in my place tonight, as the leader of this provincial government, with the motion now reading "approve in principle" the select legislative committee.

Mr. Speaker, why was I able to change my view of concern that such an elected Senate would weaken the position of provincial governments down the road? Because of some very innovative ideas. On page 5 of the summary of recommendations there are two or three gems involving the method of selection and the basis of representation of new Senators. The gems are these. First of all, they are elected in concert with a provincial election. I do not understand the Member for Edmonton Norwood or the Member for Spirit River-Fairview. I never at any time read this document and thought that there wasn't going to be partisan politics in these elections. I expect, as this document in the future becomes a reality of Canada, there'll be lots of partisan politics. But it occurred to me that on a given election day of November 2, 1992, when we're electing six Senators from the province of Alberta and we're electing a provincial government for the province of Alberta, there's a mood out there. The mood out there has to do with issues, and those Senators that are going to get elected, and that Premier and that government that are going to get elected, by odds are likely to be in the same mood, in the same direction, maybe even of the same party. I think the probabilities are high. I think the probabilities are that whatever the issue is on November 2, 1992, the Senators will be elected on the basis of basic issues and the Premier and the government will be elected on similar ones. So that takes away a great deal of my concern that they could be at odds, at least on issue and on the major thrusts. So that one was a gem.

Then there were a couple of other gems involving that. The next one is the "first-past-the-post basis". Of course, I have always subscribed to that. I won't go off on a long tangent on why, but most of you know.

The next one has to do with the life of two provincial Legislatures. The one thing I noticed on my recent visit to Washington, D.C., is that if you talk to a Senator there with a six-year term and you talk to a Congressman with a two-year term — my, the discussion is different. It occurred to me that the idea of having Senators that weren't worrying the next day about re-election and had two terms — I presume it was a maximum of two terms, but I'm not sure — then that approximately eight-year period, maybe less, that would be involved would be a period of time in which

the Senator could be one who would reach a decision with regard to regional representation and do it on the basis of what was best for his region. I think the American experience in that case certainly proves the point.

The next one is the concept of the seating of the delegation. Mr. Speaker, it occurred to me that one of the problems with an elected Senate would be that if they came down there in a partisan, party way but literally were sort of mixed up between one or two or three parties, then the pressure of party discipline that is so strong in Canada in both the provinces and the federal House, as the Member for Edmonton Norwood noted and I agree, would carry into the Senate. But another gem: it's how you sit; it's where you sit; it's the fact that you're there in the sense of a delegation, a teamwork, of your six Senators with a chairman involved. I visualize a Senate, and I presume the committee did, where there isn't a question of one party here and one party there. It's a Senate that comes forth with regard to the 10 delegations of six each around that Senate Chamber. That's a gem, too. That was a very fascinating and interesting idea.

Then in terms of the powers, of course, the idea of the over-ride by the House of Commons, where it should be on an over-ride, and this is an issue that the Member for Taber-Warner and I might have some slight difference with. The over-ride has to be there in this concept, but the over-ride has to be built-in in that other gem, which is that the over-ride only works if the majority is greater in the House than it was in the Senate. That concept, 3(h) on page 6, is another gem. I was just so excited to get this very timely report.

Let's now move from that to where we are in terms of how this document could eventually become, as the amending formula did, the nature of the Canadian parliamentary and political structure — how to get others interested. I have to say that I take considerable issue with the Member for Little Bow. I'm sorry he can't be here tonight. In my judgment, what developed in February and March in the federal Senate and the reaction of the Prime Minister to make changes to the Senate was a lucky break. Frankly, I think what occurred in the province of Ontario to change their position was an unlucky break in terms of Senate reform, to the effect that it is not now likely, as the Minister of Federal and Intergovernmental Affairs pointed out, for this particular resolution on a constitutional amendment to the Senate to proceed.

I want to explain why I reached that conclusion. First of all, I want to reiterate for the record here, as I did in the question period today, that we would have preferred a sunset clause, because that would have put further pressure on. I accept that argument. It would have put further pressure on, dealing with Senate reform, if the suspensive veto and the proposed constitutional amendment had had, say, a five-year period. We worked hard to try to convince other provinces and the federal government, but we weren't able to do so.

But without such an amendment — that is, the proposed amendment that sits on our Order Paper as Resolution 13 — what are the prospects for meaningful debate in the foreseeable future? I obviously have to be straightforward with this House and say that I do not think they're too promising. Let me set forth some reasons as to why I feel that. First of all, in talking to their premiers, most provinces do not rate the reform of the Senate high on their list of priorities. That's the reality, and we should accept that. Even in Alberta, although it is much more important here than in other provinces, our priority is with economic, trade, energy, agriculture, fiscal, and social issues. We have to recognize that that's a reality with the provinces of Canada. It's not at the top of the agenda.

There's a second reason, at least for many who have been involved. The constitutional process of '80-81 was a very time-consuming, demanding process for the 11 governments. As a result of that, many feel, including myself, that we were diverted from attention to some economic issues. I remember in the fall of 1981 feeling very concerned about the need in the winter, spring, and summer of 1982 to recoup, if you like, our effort and thrust with regard to economic and other issues. So that's there in the minds of other provinces.

There's another particular matter involved, and that is the province of Quebec. In my view, there is a mood with the other provinces that when it comes to the Constitution they would like to see, as would we, Quebec join the constitutional accord. So in any constitutional discussions that occur, there is going to be some pressure by provinces to deal first, before Senate reform, with the issues that Quebec is putting on the table. That may change, and that certainly shouldn't be misconstrued with regard to the position of this province on many of the Quebec proposals. We haven't yet had an opportunity to fully digest the document that the Member for Calgary Egmont raised in the debate today. I've certainly mentioned, though, our position with regard to the amending formula.

I believe there is another factor that doesn't discourage those of us who have faced these odds before. If you think about this proposal for a Senate, it would mean the House of Commons would have to vote themselves into a position of lesser jurisdiction and responsibility. That is a reality that those who are involved should consider.

So I'm disappointed, frankly, that it doesn't appear that we'll be moving ahead with a first ministers' conference on the Senate before the end of 1987. Perhaps events will change in the weeks ahead. I want to read into the record the Prime Minister's letter to me of March 26, 1985, which has been tabled, and which was a direct response to my first telephone conversation with him on the matter. He refers to the proposed constitutional amendment, and goes on to say:

> I want to assure you that the Government of Canada does not see the proposed amendment as the ultimate solution to the Senate's current deficiencies. Please note that the preamble to the resolution therefore includes a commitment to hold a First Ministers' Conference before the end of 1987, the main purpose of which will be to consider thoroughly the future of the Senate. That Conference will review all aspects of the Senate, including its method of selection and powers. To prepare for the Conference, I would propose that the Minister of Justice establish a Continuing Committee of Ministers on Senate Reform soon after proclamation of the amendment.

I accept that sort of undertaking by the Prime Minister of Canada. To this date he's certainly shown to us that he backs up his commitments and undertakings, and I regret the innuendoes made on that point by the Member for Little Bow.

Let's go finally to where we go from here. If this resolution is approved by strong support in this Legislature, it will be an uphill battle, but not an impossible battle. It will be a challenging one. We're determined Albertans can change the course of Canada, because in this document we

have fairness and logic, we have recognition of the federal nature of Canada, we have the equality of the provinces, and we have a feel for the country that would give us the unity that's really required in the longer term. We did it before with the amending formula, as I mentioned. We can do it again. This document, and hopefully the passage of this resolution, should now challenge members and, through members, various groups, to start the communication going in the way they did in other cases, particularly with regard to the national energy program, on a citizen-to-citizen and group basis through Canada.

So for those groups within this province that have made the undertaking, sacrifice, and commitment because they believe in a unified Canada with the equality of the provinces, the announced support of the government today, the support of the Legislature here, hopefully passed, backed up by this thoughtful, thorough, and innovative document, is a very good starting place. It's a very good starting place to strengthen regional representation in the national institutions of our country. I feel very good about the debate today and about the document and being a part of it. I don't in any way underestimate the difficulty. But it is a very good start towards something that I personally believe in deeply, that Canadian unity will stem from equality of the provinces, from respect of the regions, from fairness to citizens of Canada wherever they live.

Congratulations to the committee that brought this document forward. Thank you.

Appendix VI

Opening Remarks by Premier Lougheed to First Ministers' Conference on Aboriginal Constitutional Matters, April 2-3, 1985

Prime Minister, this is a very difficult and complicated subject, with strong personal feelings by many citizens. I believe at the outset I would like to try to communicate, to you, sir, and through you to the Conference, my assessment of the views of the citizens of our province generally towards the challenge that we have here.

It is my reading of the citizens of Alberta that they would like to see the Indian people of our province and the Metis people of our province having more say over their own affairs, having more control over their own destiny, being less and less involved with the bureaucracy of both of our governments, and very much trying to respond to their desire to have autonomy over their own affairs. That is the mood that I read from the citizens of the Province of Alberta that I represent.

But tied to that is also the view that it has to be done in a way that is fair and equitable to all concerned, including to the neighbours of the citizens who are involved. So there has to be fairness and equity; there has to be a recognition of the implications and the consequences.

I would like to turn our minds back, for those of us who were in this room, Prime Minister, to the provisions considered during the discussions of November 1981 that led us to this meeting and to others. I am sure, Prime Minister, you will recall that what we had in the Constitutional Accord of November 1981 was Section 35, which provides for the existing aboriginal and treaty rights, that the aboriginal peoples of Canada are hereby recognized and affirmed. Mr. Prime Minister, that was an important provision in recognizing and affirming existing aboriginal and treaty rights.

Then we went on – and I was part of that – to the second part of Section 35, which describes the aboriginal peoples as including the Inuit, Indian and Metis peoples of Canada. I thought it was important, and I still do believe it is very important, that the Metis people were included for the first time in the Canadian Constitution by way of direct reference.

We then look at Section 37. In Section 37, in November of 1981, we discussed a First Ministers' Conference. Within that Conference would be included on the agenda an item respecting Constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those people. The operative words are "identification and definition". That is really what we had believed, and still do believe, that this process is all about.

I have been concerned – and I expressed this in 1983 – with the process, because as it has gone on, I am not sure whether or not in certain areas some progress has been held back. But we are here and we are trying to grapple with the situation.

Prime Minister, the important point – and others have mentioned it, but I think it needs to be stressed again and again – is that in each one of the 10 provinces and the two territories, the situation varies widely, varies substantially. I think that has to be recognized.

The position that I am about to express is going to be of no surprise to you, Prime Minister, or to your colleagues, or to the table. We have been consistent on the position throughout. Our Ministers have been consistent in the discussions with your Ministers.

However, I want to start, first, with the situation with regard to the Indian people within our province. As you know, Prime Minister, within Alberta, we have Treaties 6, 7 and 8; we have the Indian people of our province who have treaty rights. The view of most – I think it is fair to say "most" – of the Indian people of our province is that their relationship in terms of the establishing of their rights, moving towards self-government, should be directly with the federal government, that the treaty rights fall to the federal government. That has been the position that most of them – and I think you are aware of this – have candidly taken.

Mr. Prime Minister, I have thought a lot about it. I have sat here now for my third conference; I have been thinking about it as I have been listening, and I am not sure that they are not right. This is a difficult process for them, involving 10 provinces with entirely different situations. I am not sure they are not right. Perhaps the Indian people of our province, in terms of working out what they want, should work it out with the federal government.

I look at the situation in our province. I look at the Constitution as it is today. You know that under the Constitution, under Section 91.24, the exclusive jurisdiction with regard to the Indian people and to the Indian lands rests with the federal government. They do not have to go through the provinces. Jurisdiction rests with the federal government.

Within our province, what is the situation? Well, we consider Indian people as Albertans. Those with the various bands do not pay income tax to the province; they have the resource revenues from their reservations flowing to them. They are fully entitled to vote. We have made decisions, in the years that I have been in office, with regard to services. I remember, Prime Minister, program after program, where we have come to a certain point and said, "Well, should this apply with regard to the Indian bands?" Somebody may correct me later, but with very, very few exceptions, they said "They should apply to the Indian bands within our province". That has occurred right across the line in terms of the programs that we have developed, whether it is senior citizen lodges, whether it is a rural system, whether it is recreation programs, a multitude of social programs, we have said, "Yes, they should apply".

I want to give you one example of the nature of this problem jurisdictionally, at least in our province. I met with the Indian Association of Alberta a few years ago. Essentially, since that time, we have been working as a provincial government on a direct band-to-band basis. I think we have been making perhaps, more progress that way.

We had a discussion at that time about the question of roads within the reservations and what should be done. Our people within the government were saying that we do not have clear title, so we cannot really do things by way of building roads. Yet it was obvious that roads needed to be built. Well, we made a decision. I am glad that we did, and I pressed it forward. We did not need clear title. I mean, that was not necessary. Let us go in, in any event, and I think there was full concurrence of the people in the federal government to do that and let us build the roads, even though clear title was not required.

I think that is what a provincial government should do. We have done that and continue to do that with regard to programs on the Indian reservations within our province.

Now, off – reserve Indian people receive and should receive the full responsibility and full benefit of the laws of the Province of Alberta.

So I guess what I am saying, if you like, is that I know the desire of the Indian people to have somehow within either a Constitution or in some other way the longer term protection of their rights, the movement toward self-government. And there surely should be a way, Prime Minister, that we can accomplish that without involving the jurisdiction of the provinces and within the federal system, and that is a challenge, I think, for your government to consider. If you want to, Prime Minister, work something out with the Indian people, at least in our province, that involves complete self-government, full self-government, we will co-operate after you have completed that and we will work it out. We will sit down in that case – I guess we would not sit down with you, we would sit down with the various bands and say, all right, you have got your full self-government as far as the bands are concerned; what would you like to interface with in terms of our province and programs? And then we would sit down and work it out with them and I think that that would be a positive way of doing it.

So I say, if you want to go as far as complete full self-government with regard to the areas involved, fine, that is a decision and responsibility of the federal government and I leave that to you.

Now, we do not have in our province, as you know, Inuit; we have a few that have moved there for various reasons but essentially it is not an issue within Alberta. But we have a number of Metis people. We have in our province developed a very significant situation with regard to Metis settlements. We have eight of them. They cover a very large area in terms of the number of acres that are involved. We have tried to work self-government out with them, defined in terms of the settlements, and I want to come back to how we are working on that, but past the settlements within our province we have a very significant divergence of circumstances. We have in some cases an isolated community that may be very largely, if not completely, Metis. We have a number of communities that are very much mixed, that have Metis people in the community or people that consider themselves as Metis, and have others within the Province of Alberta, and we have a very large number of them living in urban centres within our province. So we have quite different situations in all three circumstances.

Now let me go to the settlements. As I said, there are eight of them, 1,280,000 acres and they are unique in Canada. And the Metis raised with me and with others – a very important concern. They said, Premier, there was an Order-in-Council passed many years ago before our government was in office which just simply wiped out their settlement, and they are concerned about that and they are pressing us to come forward to find a way in which they can be protected from that happening again. I am sensitive to that, I agree with that. We have had Dr. Grant MacEwan, our former Lieutenant-Governor, one of our most distinguished citizens, lead a group that has studied the Metis settlements and produced a report for us. I was told a few weeks ago by the Metis settlement people that they fully concur with the recommendations of the report. Now, there are some problems here on a land transfer. In other words, do you transfer it collectively, Prime Minister, or individually to the people? And if you transfer it collectively then who is determining who can live on the particular settlements? That is a question; I think we can work that out. We would like to see them move very quickly too toward local government, comparable to our municipal government, and that is something we are working on and trying to work out with them. It is a process of ongoing discussion.

With regard to the balance of the Metis people within our province, I have mentioned the wide diversity. I have discussed this matter with the Metis Association. We hold somewhat different views but we have also dealt directly with a number of communities who have different views again as to how we should work it out. We have been involved in a multitude of services. We were taken aback a year ago with regard to the view that jurisdiction over the Metis should be with the federal government. We have been proceeding for many years on the basis that it was a provincial responsibility. Regardless of that, we are proceeding with programs for the Metis people, and we have to work on these in isolated communities particularly.

We developed a land tenure program; yes, it could be improved, but we are moving it forward with regard to the Metis people in our province. We have developed health facilities and training facilities, housing programs, a heating allowance, water and sewer, culture and recreation, a whole gambit, Prime Minister, of programs. We are in a process right now with our Metis people – they want to have, and I can understand it, more say with regard to education. We have got the Northland School Division which is a very large part of Alberta. At the moment on an elected basis, the native people have the majority with regard to that area in terms of the vote, as they should. That in essence is self-government as well. One of the things that they presented us with, Prime Minister, is the history of the Metis people and the aboriginal peoples and that we need to do more in our education process to reflect that in our curriculum. I think all provinces are working on that. Child support is a particular issue that we have been involved in and they want a bigger say in that. In the employment area with regard to the Metis people, we have established a number of organizations in co-operation with them: the Business Assistance for Native Albertans Corporation, the Native Venture capital Corporation, forestry career incentive program, fire-fighter programs, job creation programs, directly involved with them – and we are working with them on a program basis.

Well, that is the relationship as it is in Alberta. So we are here today and you presented a proposal regarding self-government. But it raises, obviously, a multitude of questions. There is a reference to groups -- well, which groups? And who qualifies for those groups? And who decides who qualifies, and is it mandatory to join, to be involved? And the problems of moving forward with self-government in our province – surely, we do not want to duplicate services; surely, we do not want that; how do we fund these situations; how do we work it out in a mixed community, particularly? Are we talking about sovereign government? Are we talking about situations like municipalities and are we talking differently in different parts of the country? We, in Alberta, certainly do not accept the fact that there should be anything in our Constitution other than two sovereign governments, the federal and the provincial levels of government. The use of the term "self-government" has a tremendous impact upon every one of the citizens of our province, all two million and three of them. Now, I read your proposals this morning. It is somewhat different than what had been discussed with our Ministers some time back. We got quick legal advice, and I am afraid we take a different view then your Minister on this matter.

We think there are legal implications to that proposal, legal implications that involve the courts – what they are interpreting and what is meant. We have got many questions with regard to how it would work. We informed the Metis Association of Alberta and the settlements a few weeks ago that we would probably not see our way to any constitutional amendment.

Prime Minister, in conclusion – and I fully agree with the Province of British Columbia – we are not undecided on the matter, we do not see it as a situation for constitutional amendment for the reasons I have expressed. We are open to an Accord but even there we hope that there is a thorough understanding of what is involved in the Accord. Having said that, we listen to other observations and responses over the course of the next day and a half.

Appendix VII

THE PREMIER OF ALBERTA
307 Legislative Building, Edmonton, Alberta, Canada T5K 2B7 Telephone 403/427-2251

May 14, 1985

The Right Honourable Brian Mulroney
Prime Minister of Canada
House of Commons
Ottawa, Ontario
K1A 0A2

Dear Prime Minister:

Your government faces one of the most important economic decisions before a federal government in decades. Should Canada attempt to change the nature of our trading relationship with by far our largest trading partner -the United States?

Your government published a useful discussion paper on January 29, 1985, outlining basically three options for Canada in developing a trading relationship with the United States. Firstly, continue with the status quo - i.e. maintain existing elements of protectionism for certain industries in Canada and attempt to "firefight" trade access problems with the United States on an issue by issue basis. Secondly, pursue the former federal government's sectoral approach and try to supplement the successful auto pact arrangements with specific arrangements covering either other sectors or certain areas of trade. Thirdly, enter into a comprehensive bilateral trade arrangement with the United States allowing full access to each other's markets without barriers, quotas, or other restrictions.

Prime Minister, this may be one of your most crucial decisions of what I hope, and expect, will be a long term as Prime Minister.

You will recall that I took a lead position on this issue at the Regina First Ministers' Conference on the Economy last February. Alberta argued that it is necessary for Canada to enter into a comprehensive bilateral free trade arrangement with the United States in order, at the very least, to preserve our standard of living and give a reasonable chance to young Canadians to find and secure meaningful jobs in the years ahead. You noted at the Regina Conference that Canada's future depended upon our regaining our lost share of world trade. I argued that our best prospect for expanded trade was with the largest and the most dynamic market in the world - the United States.

You will also recall during the ensuing debate at Regina that it was conceded that under the United States governmental system, external trade is the prerogative of the U.S. Congress. What power the administration has, results from delegation (sometimes temporary) from the Congress. I note that just last week one of the more powerful Congressmen in the United States, Representative Sam Gibbons, from Florida - Chairman of the Trade Sub-Committee of the House, Ways and Means Committee introduced a bill which states that our provincial stumpage fees are a form of subsidy and proposes significant changes to U.S. trade law that would limit access to our softwood lumber exports to the United States. This was done despite the fact that the U.S. Administration had concluded in 1983, after exhaustive investigation, that such stumpage fees were not a subsidy. I use this as an example to illustrate the serious nature of the Congressional scope for action and the consequences upon Canadian jobs if bills of this nature are passed and not vetoed.

After the Regina Conference I was asked by journalists and others two key questions. What were the prospects that the United States Congress and Administration would be even interested in such a comprehensive bilateral trade arrangement and, what was the basis of my allegation that a mood of protectionism was growing in the United States Congress? I responded that I planned to visit Washington, D.C. in the spring to verify my views.

I visited Washington, D.C. on May 6th, 7th, and 8th, and with the superb cooperation of our excellent Ambassador and his staff, was able to arrange an intensive schedule of direct visits with leaders in the Congress and Administration Cabinet Secretaries. I attach a list of the individuals that I dialogued with during my visit.

My conclusions are as follows:

1. The United States Congress and Administration would be interested in **exploring** the concept of a comprehensive bilateral free trade arrangement with Canada, provided Canada initiated the process. This position was close to unanimous among those I visited, obviously with different degrees of enthusiasm. The need for Canada to initiate the process arises because the United States has no desire to weaken Canada's sovereignty or even to be perceived to be proposing to do so. It was clear to me that any such bilateral free trade arrangement would not jeopardize Canada's sovereignty and many noted that the European Economic Community had obviously not diminished the sovereignty of its members.

2. The sectoral approach is not in the cards. One individual described this approach as like "trying to take the strawberries out of the jam". It is clearly a non-starter.

3. There is a high probability that the United States trade deficit for calendar 1985 will be even greater than the very substantial deficit of the previous year and that when this situation is publicly confirmed in March or April of 1986, the Congressional reaction will be vigorous and volatile, and protectionist legislation leading up to the Congressional elections in the fall of 1986 could have strong and growing support.

4. Canada will not be exempted from most of such possible protectionist measures on the basis that, despite the mutual goodwill and your very valuable new relationship with the United States President, there are enough irritants, complexities and inadequate lobbyists to make exceptions or exemptions for Canada from such possible measures as unlikely.

5. In the event that such a comprehensive bilateral free trade arrangement went into effect, the existing auto pact would be sustained without any substantive changes or negative consequences for Canada.

As far as time frame is concerned, Prime Minister, in my opinion it is very tight. I realize your government is assessing the input from the consultations arising out of the January discussion paper and is also awaiting the Final Report of the Royal Commission on Canada's Economic Prospects, which I understand will be public in July.

In your joint communique from the Quebec Summit on March 17th, you and the President directed Mr. Kelleher and the United States Special Trade Representative to establish a "bilateral mechanism to chart all possible ways to reduce and eliminate existing barriers to trade" by September 17, 1985. My reading of the Washington scene is that if Canada, through you, does not signal prior to that date, the desire for a new and freer trading relationship on a comprehensive basis, the United States will interpret your government's position as preferring a continuation of the status quo.

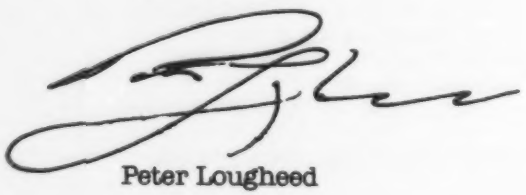
The problem, Prime Minister, with the status quo is that it will not, in my view, remain as it is without a Canada/U.S. agreement. We cannot capture the status quo. It will be redefined in a patchwork of new protectionist and administrative measures.

It is my assessment that if Canada does not initiate a new and comprehensive bilateral free trade arrangement with the United States by the end of 1985, the opportunity will probably be lost for many years.

I would be pleased to elaborate on this communication with you and your colleagues if you have any interest in doing so. As this would appear to be a logical follow-up to the Regina Conference I am sending a copy to my fellow Premiers.

It seems to me that this communication would facilitate the public debate on this crucial matter and, thus I intend to table the letter in the Alberta Legislature after you and your colleagues have had an opportunity to receive and peruse it.

Yours truly,



Peter Lougheed

PL/pl

Attachment (1)

c.c. Canadian Premiers
Right Honourable Joseph Clark
Honourable James Kelleher
Honourable Sinclair Stevens
Ambassador Allan E. Gotlieb
Honourable James D. Horsman

Attachment #1
Premier Lougheed's Meetings
Washington, D.C. May 6-8, 1985

Senate

1. Chairman - Foreign Relations Committee, **Richard Lugar**, R-Indiana
2. Chairman - Energy & Natural Resources Committee, **James McClure**, R-Idaho
3. Chairman - Agriculture Committee, **Jesse Helms**, R-North Carolina
4. Chairman - Commerce, Science & Transportation Committee, **John Danforth**, R-Mo. and Chairman - International Trade Subcommittee of the Finance Committee
5. Chairman - Appropriations Committee, **Mark Hatfield**, R-Oregon
6. Ranking Minority Member - Energy & Natural Resources Committee, **Bennett Johnston**, D-La
7. Chairman - Subcommittee on Defence of the Appropriations Committee, **Ted Stevens**, R-Alaska
8. Member - Commerce, Science & Transportation Committee and Budget Committee, **Slade Gorton**, R-Wash.
9. Member - Energy & Natural Resources Committee and Foreign Relations Committee, **Dan Evans**, R-Wash.
10. Member - Energy & Natural Resources Committee and Finance Committee, **Max Baucus**, D-Mont.
11. Member - Agriculture Committee, **Pete Wilson**, R-Calif.
12. Member - Energy & Natural Resources Committee and Agriculture Committee, **John Melcher**, D-Mont.

House of Representatives

1. Democratic Majority Whip, **Tom Foley**, D-Wash.
2. Chairman - Trade Subcommittee of the Ways and Means Committee, **Sam Gibbons**, D-Fla.
3. Ranking Minority Members - Ways & Means Committee, **John Duncan**, R-Tenn.
4. Member - Trade Subcommittee - **Richard Schulze**, R-Pa
5. Member - Trade Subcommittee - **Donald Pease**, D-Ohio

Administration

1. Secretary of the Treasury, **James Baker**
2. Secretary of Commerce, **Malcolm Baldrige**
3. Secretary of Agriculture, **John Block**
4. Deputy Secretary of Energy, **Danny Boggs**
5. Acting U.S. Trade Representative, **Ambassador Michael Smith**
6. UnderSecretary (Economic Affairs), Department of State, **Allan Wallis**

Appendix VIII

Appearance by the Honourable Mr. Horsman before the Committee of Supply, Alberta Legislature, May 7, 1985

(Reproduced from Alberta Hansard, page 852 to 952)

MR. CHAIRMAN: Would the hon. minister wish to make some comments?

MR. HORSMAN: Mr. Chairman, I'd make a few opening remarks relative to the functions and activities of the Department of Federal and Intergovernmental Affairs which we can foresee in the coming year that will be of interest to members and on which the estimates of the department are based. As hon. members are aware, it is the smallest department of government in terms of expenditure and number of employees, but it fulfills a very important role in that we have the responsibility of co-ordinating and working with the other provinces in Canada, the federal government, and with governments outside the country in an appropriate way.

The first instance upcoming will be the Western Premiers' Conference, which will take place next week in Grande Prairie, at which the premiers of the four western provinces will gather. This is Alberta's turn to host the conference, the first of which was hosted by our Premier in Lloydminster, followed by Medicine Hat, Lethbridge, and now Grande Prairie. On that conference agenda will be a number of items which will be a matter of discussion later in the Assembly. Following that a ministerial meeting will follow the unsuccessful meeting with respect to aboriginal constitutional matters which adjourned earlier last month. That was originally scheduled for late May, but I have since learned that it may not take place now until the first week in June, although that has not been absolutely finalized. It will be a matter of some significance.

The next conference for which the department is now organizing our participation will be the annual Premiers' Conference to be held August 20 to 23 in St. John's, Newfoundland. Then something of great significance, and I made reference to this in the budget debate: the annual Conference of First Ministers, which Alberta has been working toward for many years and is now part of the accord signed in Regina on February 15. That annual Conference of First Ministers has now been set for November 27 and 28 and will take place in Halifax. My department will be actively involved in preparing Alberta's positions relative to the various topics that will take place at that annual Conference of First Ministers.

With respect to the federal/provincial issues before us, reference was made earlier today, and as I've indicated on other occasions, the subject of Senate reform will of course be before us in this Assembly and will be debated on at least two occasions: with reference to the select committee report now before members of the Assembly and with respect to the federal proposal for amendments to the current Senate. I think that not a great deal need be said about that during the course of these estimates except that part of the responsibility I as minister of this department have will be to participate with other provincial and federal ministers in a continuing committee of ministers, assuming that the resolution is passed in the federal Parliament and enough provinces to proceed with the constitutional amendment. A continuing committee of ministers should start its work very soon so that various participants can put forward their views with respect to how an upper House should be properly structured within a federal state such as Canada, with particular emphasis on the importance of ensuring the representation of the provinces as partners in Confederation.

The next federal/provincial issue which will be coming at us very soon, and hon. members should be aware of this, will relate to the subject of where Quebec will fit into the Canadian federation. We know that the current government in Quebec, led by the Hon. René Lévesque and his party, is soon to announce what their terms will be relative to signing the Constitution, which they refused to do in 1981 at the time of the constitutional conference. We will be very active and interested in that whole issue. I touched on that in my remarks in estimates last year and again in my discussion during the budget debate this year.

Likewise, I should alert hon. members to the fact that the established programs financing agreement will expire in 1987, and that means discussions will have to begin this summer. Of course, hon. members are well aware that the constitutional responsibility for education, health care financing, and social services rests with the provinces, yet through a process of financing agreements, whether agreed upon or unilaterally imposed, we have a relationship and a role to play with the federal government in those vital areas of our responsibilities to the people of Alberta.

With respect to economic issues, the economic regional development agreements are the responsibility of the Department of Federal and Intergovernmental Affairs. We have,

as you know, signed a comprehensive, umbrella agreement earlier this year, and under that now subagreements are being negotiated, the first of which was the forestry agreement signed by the hon. Minister of Energy and Natural Resources, which provided matching grant funding by the federal and provincial governments with respect to our forests. Other subagreements are under way. We are very close, I believe, to completing a tourism subagreement, memorandums of understanding have been signed relative to science and technology, and others are under consideration.

Internationally, I think I should comment on the significance of activities taking place in the world. The General Agreement on Tariffs and Trades: the next round of multinational trade negotiations have been the subject of considerable discussion in the past week. Members will be aware that the Bonn meeting did not result in an accord that will set a date for those negotiations to take place. Our government, of course, has pressed our federal government to urge an early start, and the inclusion in particular of agricultural products is part of that next round of negotiations under the GATT. I think it's fair to say that the failure to set a date at the economic summit in Bonn has to be regarded as a disappointment from the western Canadian perspective, particularly from the agricultural perspective. For those of us who have direct involvement and concern with agriculture, as every member must have in the province such as Alberta, we hope our federal government will continue to press very hard for a new round to prevent a rising ground swell of protectionism in the developed world in particular.

I think it's important to note the provincial role in international matters. Of course, we have our foreign offices. They are responsible for dealing in international matters and providing help to our government, the people of Alberta, and the private sector with respect to trade and intelligence with regard to what our competition is doing in other parts of the world. I should point out as well that we are increasing our activities with regard to contact with the northern tier states of the United States so that we can try to avoid any misunderstandings between Canadian provinces and states such as Montana. I was very pleased with the recent passage of the resolution in the Assembly sponsored by our colleague the Member for Cypress relative to our relationship with Montana. I look forward to following through on trying to further develop that relationship.

Of course, we have our twinning relationships with Hokkaido in Japan, Kangwon province in Korea, and Heilongjiang province in the People's Republic of China. Those relationships are developing in a multitude of ways to the benefit of not only Alberta's economic well-being, which is hopefully a prime consideration, but in other ways as well: recreation, culture, understanding, and as we saw today in the Assembly, people prepared to come here and talk about joint venturing by the government of China and Alberta companies, something that, quite frankly, would have been unheard even five years ago. I'm quite pleased to see that type of development take place, and I think our twinning relationships have played a major role in that respect.

If I may, I would like to officially welcome the translation bureau of the government of Alberta to the Department of Federal and Intergovernmental Affairs. Members will see in the estimates of my department for the first time that branch of government, which we think is located more appropriately here than in Public Works. This department of government will now be providing the translation services through the translation bureau. I must add that that workload is substantially increasing.

Of course, we have four agents general now. I should point out that it has been the recent decision of the government to appoint a new Agent General with responsibilities for Hong Kong, China, the ASEAN countries, Australia, and New Zealand. That person is Jack Kennedy, a Calgarian — I mean an Edmontonian; my goodness, I must be very careful — who is looking forward with a great deal of anticipation to taking up his new responsibilities in Hong Kong to replace the retiring Agent General there, our former colleague in this Assembly Fred Peacock.

I think it would be appropriate if I just said a few words about Fred Peacock in this Assembly as he concludes his work for the people of Alberta in the Pacific Rim. He really is one of Alberta's great dynamos when it comes to espousing and encouraging entrepreneurial skills and activities not only here in Alberta but, since he's been working during the past few years for the people of Alberta, in Hong Kong. He has demonstrated his dynamism, interest, and enthusiasm for this province and Canada throughout the Pacific Rim. He's made a lot of friends for Alberta and Canada in his activities. I understand that despite the fact that he might be eligible to receive his senior citizen's allowances, whatever they might be, he has absolutely no intention of taking them and retiring but, indeed, intends to carry on an active and full entrepreneurial business life when he concludes his services for Albertans. I wish him well and his charming and delightful wife, Ursula. I wish them great success in their future activities and thank them most sincerely on behalf of Albertans for their service for our province and country in the Pacific Rim.

I should also advise members of the committee that we have made a decision to promote our Director General in Tokyo, Ivan Bumstead, to a position of Agent General for Japan and Korea. Members will be aware that Ivan has been in Tokyo for some years and has deep roots there and a great deal of knowledge that he can bring to his position. Of course, he will be doing a great deal for us in his position as Agent General, which means we now have four agents general. In addition to the three I've mentioned, the retiring and the new for Hong Kong and Ivan Bumstead, Jim Seymour continues to work very effectively for us in our New York office, particularly in our relationships with the governments of Canada and the United States of America, in making sure that Alberta is well aware of what is taking place with respect to legislative activity both on the part of the administration and the Congress in the U.S. It's vital to us to be well informed and well aware.

Of course, our Agent General's office in London is the premier post, in the sense of its longevity and size. That office continues to serve us well not just in the United Kingdom but western Europe. Jim McKibben is our Agent General. He continues to provide us with a great deal of information and advice, particularly on energy matters, and keeps us abreast of the oil pricing situation in the world.

Mr. Chairman, that's a brief summary of some of the activities that are undertaken by this department of government. Before I conclude, I must indicate that in my responsibilities I have much more activity now with the new government in dealing with a number of ministers who are most enthusiastic about dealing back, if I can put it that way, with the government of Alberta. With respect to international relations I have met, corresponded, and talked with the Rt. Hon. Joe Clark, Minister of State for External Affairs. As a result of my responsibilities for the economic regional development agreement, I have met with and relate to the Hon. Sinclair Stevens. With respect to matters relating to the Department of National Defence, I've met with and have been in close contact with the previous minister, Mr.

Coates, who, as you know, resigned from his position, and now with the Hon. Erik Nielsen. Interestingly enough, I have as well the responsibility of dealing in matters of national parks, as far as Alberta is concerned. Mme Blais-Grenier and I have had meetings and discussions relative to national parks, and we look forward to perhaps resolving some of those outstanding difficulties between the people who live in the national parks and who are Albertans and the federal government, who are the absentee landlord with respect to the townsites of Banff and Jasper in particular. Of course, the Hon. John Crosbie, the Minister of Justice, with respect to constitutional issues, and those I touched upon earlier in my remarks.

Mr. Chairman, that's a very broad outline of the activities under way within the Department of Federal and Intergovernmental Affairs. I would be pleased to answer any questions members may wish to pose.

MR. GURNETT: Mr. Chairman, I want to pose two or three fairly brief questions to the minister about some matters and then take a few more minutes to comment a little more extensively, on behalf of my children and many others, about a larger matter.

I would be interested in the minister's detailing a little more about the overseas missions of the Alberta government: the houses in London, Tokyo, Hong Kong, and in the various locations in the United States, New York, Los Angeles, and whatnot — just a little more detail about what happens and the particular things these offices do. I know they were referred to briefly in the minister's opening comments, but on occasion I certainly hear comments made that indicate that to at least some people in this province there's a perception that in a certain way those places serve as another alternative to the Senate. It would be reassuring to have information about the kinds of things that are done through those offices, perhaps in a little more detail than we had earlier, to indicate that they are, in fact, a valuable investment on the part of the province.

I'd be particularly interested in the minister's comments about his involvement in areas where the Alberta government is actively trying to work to see that the Canadian government does something in areas that relate to the agricultural crisis. At the end of last week many of us saw an editorial in the *Edmonton Journal* that indicated that the long-term crisis in relation to agricultural production is maybe one of the two most serious things facing this country and the world as a whole right now. Certainly, we've heard the Minister of Agriculture talk about a number of areas in which he's been making some kind of contact with the federal government: particularly the efforts to have a red meat stabilization program developed, also in connection with the capital gains tax removal, and the matter we talked about this afternoon in the Assembly related to encouraging the federal government to do at least as much as the provincial government with regard to reducing the cost of fertilizer by eliminating the taxes on natural gas.

There are many other areas like this, Mr. Chairman. I'd be interested in knowing the kind of role the minister plays in that and how he's able to support or extend the efforts of the Minister of Agriculture to see that the federal government acts with real strength to do something to support what's happening with agriculture. I'm particularly interested in that at this time, of course, because we understand that in about two weeks we'll be finding out about the budget that will be presented by the federal government. These and several others related to agriculture are all matters where we hope that the budget will reflect decisions made to support farmers in this province. It would be good to hear a little comment on that.

I'm also interested in whether or not the minister, in working with the Minister of International Trade, has initiated any kind of action to assist in the whole area of Alberta's international trade, where we're always interested in extending things, by attempting to take advantage of the current empty space that's been left because of the United States' embargo against Nicaragua. Are we looking at possibilities to make some real movement and extend our trade relationships with that particular country to our benefit and theirs because of the damage that's going to be suffered by them as they lose a major part of the trade they've had in the past?

Those are three specific areas. The other area that I'd like to take a few minutes to talk about, Mr. Chairman — and there are some specific matters as part of it that I'd like the minister to comment on — relates to the nuclear threat that exists in the world today. In that same editorial I referred to in the *Journal*, the second major threat that was talked about, the other area that potentially holds the greatest danger for all of us in the near- and the long-term future, is certainly what's happening as far as the situation with nuclear arms in the world. I apologize, in a sense, for intruding that kind of reality into our meeting here tonight. I know to some members maybe that's something that is far away and on a scale different from the deliberations we're involved in here. But I'm concerned because a great deal of the world is in a very different and a much more dangerous state than we're aware of on a day-by-day basis as we function here.

I know some days ago, when we were looking at the estimates for the Minister of International Trade, I made reference to the relatively small amount of money that this province commits to international assistance and was reassured that we commit $7 million and no other province in this country does as much. But I can't help making a comparison with the $10 billion budget to serve the province of Alberta and see that $7 million as still very modest.

When we think about the reality of where many, many people in this world live, Mr. Chairman — I've briefly mentioned a couple of times the country where my family made our home for a number of years. That was a country where over 90 percent of the people couldn't even read and write, where the average life expectancy of a citizen was less than 40 years, and where the great majority of people ate nothing in those entire 40 years except bread. They never had the chance to eat anything beyond that. Those kinds of things can't be easily dismissed, Mr. Chairman. As I indicated, we should perhaps be more concerned about those kinds of things when we meet here and be looking for possibilities to do more in those areas.

I'm also concerned that we may not be using the potential influence that a government as well respected and as powerful as the Alberta government is could be using to provide more support and encouragement in the whole area of what is happening with nuclear arms in the world. I won't go into a lot of detail in talking about the particular issue tonight because I know that all of us have been aware of the statistics and some of the horror stories related to it. As we think about it for a few minutes, let me just point out that if a 1 megaton nuclear weapon exploded over Edmonton by mistake or by a deliberate choice due to things that happened in the world, we'd be dealing with an unbelievable situation. We've got to remember that there are many, many thousands of weapons in the world with that capacity or greater.

But if just that 1 megaton weapon were exploded over Edmonton, for whatever reasons, we'd be looking at 80 percent of the doctors being either killed or incapacitated in that explosion and a situation where they would be dealing

with casualties on a 1 to 1,500 or more basis. Even after an initial destruction of a great amount of the population of the city and its surrounding areas, we'd be looking at them without any facilities or medications to speak of, with millions and millions of units of blood needed almost immediately. That's just looking at one location. As I say, there are thousands of weapons of this strength and even far greater strength available in the world right now that could be used. If one weapon like that were exploded two and a half kilometres in the atmosphere above a city, it would totally flatten everything within a seven-kilometre radius on the ground, and as a result, of course, destroy any life that was there. The concern is the fact that there are probably around 20,000 megatons of nuclear arms in the world, and I'm talking about 1. The potential is there for 20,000 times that.

I have a particular concern about the issue of cruise missiles, Mr. Chairman, because the intention is to . . . [interjections] Yes, in their tests they don't fly very far away from where I live and farm. But the . . .

MR. CHAIRMAN: I hesitate to interrupt the hon. member, but I have difficulty seeing how the comments at the present time relate to vote 1, which is the only vote for this department.

MR. GURNETT: Mr. Chairman, in addition to the fact that I've been assured by other members here on a number of previous occasions that there is a certain amount of liberty in our discussion here, I suggest that they relate because the minister is responsible for intergovernmental affairs, and as I indicated at the outset . . .

MR. CHAIRMAN: I would remind the hon. member, though, that those kinds of representations would more properly be made to Members of Parliament or people in the House of Commons in Ottawa. Actually, they are dealing with issues that are not relative to what we have under discussion tonight.

MR. GURNETT: Mr. Chairman, I would suggest that they're relevant in the sense that right now we see the issue of governments at every level and even citizen groups all over this country actively trying to make an impact with the federal government.

MR. CHAIRMAN: Perhaps the hon. member would wish to put a resolution on the Order Paper so that issue could be debated at some future time. But in general, this evening we have other things before us that have to be considered.

MR. GURNETT: Mr. Chairman, maybe I can just move fairly quickly, then, and indicate some specific questions that the minister could perhaps respond to that I think relate to areas that he could certainly see as part of his responsibility. I'm concerned, for example, about some remarks that were attributed to the minister this February, when he talked about the people who are involved in actively working to do something about what's happening with nuclear weapons in the world. At least as the remarks were attributed, he indicated that these people had been led astray and hoodwinked by people on the extremes of the political scene. I'd be interested in his comments about that.

My experience is that there are hundreds of thousands of people in this country and in the world that are concerned with these issues; for example, I think even of the Physicians for Social Responsibility, which has many active members in this province and 11,000 or more physicians active in it, of organizations that involve generals, admirals, and people of that walk of life, and in general, of the fact that Gallup poll testing in this country has said that the majority of citizens are opposed to cruise testing taking place in the country. I'd be interested in the minister's comments in view of that, whether he could confirm his attributed comments and whether, in fact, he feels the majority of people are not really supportive of an end to the nuclear threat and are being hoodwinked, as the comment said.

Just this week in Manitoba the Premier introduced a resolution to make the province a nuclear-weapons-free zone and said that if that resolution is passed, of course, the province will be making a statement that the people there will not participate in any way in the arms race. I would be happy to see any province, regardless of what party was in power there, bring in a resolution like that. I wonder whether the minister is considering a resolution like that, introducing something similar in this province that could be looked at. I'm also concerned about what might be happening as far as discussion in this province with regard to taking advantage of some of the perceived economic spin-offs of the space weapons research the president in the United States talks so much about. We know that right now there is almost $1.5 billion spent every day on developing and building nuclear weapons, which is a spectacular amount of money. I wonder whether the minister is able to assure us that Alberta will not look for possibilities to become involved or to encourage Alberta firms or educational institutions to be involved in participating in research or activities that will allow that major American initiative to go ahead and be extended; also, as the minister is looking at this whole serious issue, whether or not he is giving any attention to determining whether there is a role Alberta could play in encouraging what's already happening in this province and this country related to militarism, to shift over instead to more peaceful kinds of employment for those people and more peaceful uses of those facilities than the kinds of things they're now being put to and whether we're actively trying to find alternatives that will allow economic prosperity in this province without it being through the support of military development and extension.

Those are some specific matters. I certainly appreciate the opportunity to at least indicate to the minister the concerns that a large number of Albertans hold about these things, and I look forward to his comments.

MR. SZWENDER: All six of them.

MR. CHAIRMAN: Before we call on the next member wishing to comment, the score at the end of the first period is Oilers 2, Hawks 1.

MR. ANDERSON: Mr. Chairman, I appreciate the opportunity to participate briefly in the discussion of the estimates of this particular department and would, first of all, like to say how much I personally appreciate the work done by the minister and his department. I've had an opportunity to work with that department and with this particular minister, perhaps to a greater extent than many of the other departments and possibly to a greater extent than some other members, and believe that the calibre of individual in that department is excellent. The co-operative nature of the people there is unparalleled and, indeed, the contribution made by the department toward assuring Alberta's place in this country in Confederation, as well as its relationships throughout the world, is quite accomplished.

I believe these expenditures are well intended and, indeed, an excellent investment for the province of Alberta, and in particular, would like to note the topic of the offices in other parts of the world and in Ottawa. I have had some

experience with one or two of those offices and can assure the hon. Member for Spirit River-Fairview, at least, that there is very productive work carried on in that respect. I don't believe Alberta could be in a position to assure that we respond properly to all national and, at times, larger issues with the efficiency, knowledge, and information, as we indeed do, without the great assistance of those offices, as was evidenced by the London office during the constitutional discussions. The excellent work which our Agent General, Mr. McKibben, carried out there of making the British Houses of Commons and Lords aware of our position in the constitutional discussions. It may well have been the case that had not those kinds of representations taken place, the then federal government could have put forth a package which would have been unacceptable in the extreme to this province and, I believe, to the majority of Canadians. Indeed, one could go through a series of examples on those offices.

My first question to the minister would be with respect to offices. I've asked this one before, would again ask, and I suppose, advocate since I don't see it mentioned in this year's estimates, for an office in the Atlantic provinces. It's been discussed on a number of occasions, and I believe clearly that such an office would assist us in relationships with those provinces on the far eastern end of our country who we have a great deal in common with and with respect to constitutional, economic, and other discussions have an increasing need to stay in contact with and further develop the very close relationships that we now have. In travelling through those Atlantic provinces and meeting with legislators on all sides of all Houses on two occasions, with the constitutional and Senate committees, I do indeed believe we could benefit from having an office there and personally would like to see it, if not in these estimates, in the following year's estimates.

I note, as well, with respect to offices, the white paper strategy for 1985-1990 mentioned the possibility of expanding these offices in the world, in terms of encouraging trade with other countries and promoting Alberta products in particular, as well as fulfilling some other functions. Perhaps the minister could give us an update on whether there is now serious consideration of, in fact, implementing that particular part of the white paper.

My comments, Mr. Chairman, have been primarily made. I would very much like to reiterate how much I appreciate the excellent work of the minister's department and the minister himself in the recent work of the Senate committee; the co-ooperation from the minister's office, the assistance but lack of interference in any way, being in strict accord with parliamentary rules and tradition, was very much appreciated and couldn't have been better. I'd like to pay particular attention to Mr. Garry Pocock from the department who worked with the Senate committee over the first stage of its report, and indeed, the person who followed him, Mr. Rob Reynolds, who assisted us a great deal.

So with those words of thanks, those few comments, and the question to the minister, I would indeed vote in favour of these estimates.

MR. THOMPSON: I'll even be more brief than the previous speaker. I would be interested in having the minister give us his assessment of the negotiations that are continuing between the federal and provincial governments and the native people as to aboriginal rights as outlined in the Constitution.

MR. SHRAKE: Mr. Chairman, I appreciate the opportunity to make a few comments to the hon. Minister of Federal and Intergovernmental Affairs. First off, I wonder if the hon. minister could confirm some facts. The one I had was that less than 40 percent of all Progressive Conservatives in Alberta own cruise missiles and that over 50 percent have declared that they won't use them unless antagonized.

I wish to say two points to the minister. The first is that any of the communist countries that are exporting revolution seem to have lots of money to buy arms but not food. Don't encourage the federal government, at least on my behalf, to give them aid or any other benefits. The main point I stood up to speak on was that I appreciate the efforts you have made in keeping good relations with our other municipalities. I would like to see you seriously consider one point. Some of our major cities, namely Calgary, have made some efforts on their own to promote their city as well as this province in other areas, such as Hong Kong and China. I hope our minister will do everything he can to assist them.

In fact, the mayor of Calgary has done a good job abroad, and I've often wondered if we should consider little grants sometime to encourage or assist them to go abroad and make contact with Mr. Pocock in Hong Kong and some of our people in California. I've been to a lot of functions recently in the Chinatown area in Calgary, and I've seen these trade delegations there. They were in with the city delegation, and as a provincial representative, I was quite pleased to be at the function. It appears that they do a good job. As well, our own Minister of Economic Development has done an excellent job abroad.

That was basically the point I wanted to make. I hope that we work hand in hand with our other governments in Alberta and encourage them to go abroad, because they can do quite a good job. In the Chinatown area in Calgary the merchants, the business, the importers, and the travel have had some excellent relations in Hong Kong and in mainland China itself. I hope that we encourage them, as well as the fine efforts that you and your department are doing.

Thank you.

MRS. FYFE: Mr. Chairman, just a few brief comments reflecting on a trip I had the opportunity to take last fall to the United Kingdom. I want to express to the minister and his staff at Alberta House in London my very sincere appreciation for their consideration and the great deal of work they went to to make contacts for myself in the field of education and areas that I was particularly interested in visiting.

I want to assure the Member for Spirit River-Fairview that if he thinks that appointments to positions such as director general of Alberta House are like the Senate, we must be getting our full money out of senators in this country, because Mr. McKibben and his staff work extremely hard and perform a very important function in the promotion of the knowledge and the contacts that are essential for relationships between Alberta and other countries within the European Common Market. In fact, in my visits to some of the postsecondary institutions in the United Kingdom there is, in my opinion, a great lack of understanding of the involvement and the relationships of Canada as a country. In my assessment, most of the international news services cover news from North America from the perspective of the United States. Unless there was some significant disaster or some incident whereby some Canadian might insult the Queen or step in front of her or something that's important to people in Great Britain, then there is simply no coverage of Canada.

I would make a suggestion to the minister that he consider the expansion of the office — I speak of the one in London; I'm sure the same may be appropriate in the other Alberta offices — an expansion of at least one person

that would visit educational institutions to talk about Canada, about Alberta, and what we have to offer. I found there was a great dearth of understanding or knowledge of our country. I think that the work being carried out by the people in those offices is extremely important. It's effective, but I don't think they could spread themselves so thinly as to visit the educational institutions and communicate with the staff and students. These are the people who will graduate in future years and enter the business force. I think it's important that we have some additional information or method of communicating our responsibilities, our role, and our place in the world economy. It's important for our province now, and I think it will be even more important in future years. Just that brief suggestion, Mr. Chairman.

I would like to compliment the minister on the important work that he is doing within his portfolio and the staff that assist him within the department. We appreciate the efforts the minister has made to a very great extent. He works very hard at it and is very effective in his portfolio.

Thank you.

MR. SZWENDER: Mr. Chairman, I didn't know I was that high on the list, but I'll make my comments at this time as I prepared them. I'd like to begin by complimenting the Minister of Federal and Intergovernmental Affairs for the terrific job he's done, the amount of travelling he's put in, and the work he's done on behalf of Alberta in conjunction and co-operation with the federal government. I'm sure he's finding his job much more pleasurable and easy after September 4, 1984, dealing with people who look upon this province as a friendly ally and as a part of Canada, compared to the previous regime that dictated policies to this part of the country.

I'd like to make a few comments that the minister, in his responsibilities, could pass on to his federal counterparts. One, regarding the famine relief aid to Ethiopia: certainly, the famine there has caused a lot of grief among people in western nations with regard to the terrible starvation and drought the people there have undergone. I believe that the hearts and, of course, the generosity of people in the western world have been extended to those people in the sense of a humanitarian brotherhood, in alleviating as much suffering as possible. Certainly, here in Alberta there were many various types of fund-raising projects by school groups and various charities. Society as a whole pitched in and sent their dollars of goodwill to ensure that Albertans participated in assisting relief to Ethiopia.

Mr. Chairman, the kinds of reports we often hear about the government situation in Ethiopia leaves one to wonder: are those dollars actually reaching their targets? Reports are that 50 percent of the GNP of the Ethiopian communist government goes to armaments in fighting neighbours or suppressing so-called insurgents in some type of civil war within that country. It often makes me wonder, is the Ethiopian government using their own people as political hostages? Are they actually imposing political famine on those people to generate assistance from countries such as Canada that are in a position to help? I'm just hoping that the minister can assure Albertans that, indeed, the dollars they designate for assistance to those people, whether in Ethiopia, specifically, or any other area which has very questionable and often, in many cases, illegitimate governments that have seized power through force, whether those dollars are reaching the people they were intended for, rather than for the purposes of their governments. I hope the minister can elaborate specifically on what guarantees Albertans have that their dollars are reaching the assistance they were designated for.

As we're meeting here this evening, Mr. Chairman, the hour approaches midnight. Of course, May 8, 1945, was an historic moment for the free world in that it was the end of World War II. Tomorrow we will be celebrating the 40th anniversary of the defeat of a totalitarian regime in Nazi Germany. That is an historic moment for all western nations that participated in that struggle to achieve the democracy and the high standard of living that we've been able to enjoy. As members of a democracy that suffered and contributed so much in order to ensure that freedom, I think that we should not lose sight of the cost we've put in for that democratic freedom. Quite often I get very, very nervous about some of the trends that a handful of people are perpetrating in our country, purporting to represent the majority of Canadians with these so-called peace movements. I don't think there's anyone in this Assembly or anyone in this country who would put forward a position that they do not support peace, yet many of these peace movements are blatantly antiAmerican. I hope that with the new federal government, friendly to the United States and to Alberta, the message is conveyed that we as Canadians are not represented by those groups of people who put up tents — and two or three of them camped for nothing for two years in front of our Parliament buildings and supposedly represent all Albertans — or passing some silly plebiscite that this is a nuclear-free zone, so that when we, indeed, are all zapped to kingdom come, the Russians — I'm saying Russians, but of course, it could be any of our supposed Red enemies — will very conveniently overlook nuclear-free zones, because a plebiscite was passed and we will certainly not be victimized by any kind of aggression.

I'm trying to point out to the minister, Mr. Chairman, that the United States should know that we are their allies as a nation and as a province. I believe the great majority of people support our position in NATO, that peace comes through strength, and that if we have to participate in cruise missile testing or lend our landscape or environment or permission as part of that agreement, we're doing exactly what is expected of us in furthering the freedom we fought for so long ago — 40 years may not be that long ago — and that we will continue to do whatever is necessary to ensure that the sacrifice other Canadians put forward is not forgotten so very quickly by the pacifists who put forward the image of peace but really are dupes of regimes and propaganda that would have other motives in their protestations. I hope the message is conveyed to the federal government that the great majority of Albertans support our role in NATO.

Another thing annoyed me very recently, Mr. Chairman, and I hope the minister will also convey this to our friends in the United States, particularly Ambassador Robinson, who I found to be an incredibly able and admirable man. We were most pleased to be able to meet him. Here in Canada we do not like some things. I'm referring specifically to the circus sent here from Spokane or Seattle. A bunch of people came here from the United States who thought they had a better idea of what Albertans' needs are and sent a few boxes of food. More cameras followed them than actual aid. Maybe the minister could mention to the U.S. authorities or to the border authorities that we're not really in need of that much assistance, that Albertans are quite capable of taking care of their own, that in fact the assistance they were supposedly sending was totally unnecessary, as was indicated by the various parties involved, and that we don't really appreciate being made a spectacle of by people who are turning this into nothing more than a media event. Hopefully, in the future the border, which is obviously open — we have the largest undefended border in the world. We share much in common with our neighbours, but there are those who would try to discredit us

So in the future maybe we could be a little bit more stringent in who we allow into this country for those kinds of reasons.

Thank you, Mr. Chairman.

MR. NELSON: Mr. Chairman, I'd like to make two very quick comments just for the record. Two concerns I have are related to the estimates directly. One is related to administrative support, where there's a 17.6 percent increase, which disturbs me greatly. The other one is in the area of conferences and missions, where there's an increase of 43.9 percent to three-quarters of a million dollars. I'd like additional information from the minister as to how he developed those budgets, why they're necessary, and how we can control the costs in those particular areas. It just seems rather disturbing, unless of course, there are good reasons. I would certainly like some additional information relative to those.

Thank you very much.

MR. CHAIRMAN: Are there any further questions or comments?

MR. ALEXANDER: Mr. Chairman, I wonder if I could just ask one. Perhaps a month ago I brought up a question in the House about the behaviour of the customs and immigration department at the Edmonton International Airport — or immigrations and customs department or a consortium thereof, however the combination happens to work — that process we have to go through being one that seems unnecessarily punitive. At the time I asked the question it was directed to the Minister of Tourism and Small Business who reflected it to the Minister of Economic Development. I think the Minister of Federal and Intergovernmental Affairs was away at the time. Perhaps the question belongs back in his bailiwick.

I might just ask him if he could investigate what it is that the searchers at the Edmonton International Airport are looking for. I've had a great deal of mail and a number of phone calls on this issue since I brought it up, the latest one being this afternoon, in which citizens of Edmonton who just returned from an offshore visit had their bags completely disassembled. The wife had her cosmetics kit opened, and the customs official straightened out a paper clip and stirred around in a jar of face cream, presumably looking for some solid object. It would seem to suggest, Mr. Chairman, that perhaps these people are looking for drugs or some kind of contraband.

I wonder if in response to this issue, which is a sore point with Edmontonians and Albertans in general, the minister might ask the proper party. We've been castigated for not addressing our questions to immigration, to customs, or to the right one in either particular issue, or to the Transport department or whoever runs the show. I'm less concerned about who runs the show than I am about the issue. I guess the issue is what this department seems to suspect incoming people of at the Edmonton International Airport. Is this, in fact, a centre where drugs are brought into the country? Is there some kind of contraband that comes in here? If there's a root cause, then perhaps we have some other issue to address our attention to. If there is not, then I would like to get an answer to my earlier question: could we begin to behave in a somewhat more civilized fashion to the people that come here?

While I'm on my feet, Mr. Chairman, I might raise one more issue that has caused some distress in the country. I remember raising it in this minister's estimates two years ago, but I don't recall a reply; I may be wrong. It has to do with the problem of the 'Francization' of all areas of Canada; that is, essentially, the bilingualism issue. A couple of years ago I brought up that the former federal Minister of State was rather fanatical in his pursuit of the idea that hopefully one day he would succeed in making Canada a totally French country. The last budget of that particular government had a budget extending $125 million over five years for funding organizations in all provinces to pursue the cause of the advancement of the French language in all provinces in Canada. It was an annoyance then; it seemed like an unnecessarily disruptive process to Confederation. While it has taken on a somewhat lower profile in the last year or so, I am not aware that that budget, the issue, and those challenges in courts have in fact diminished or gone away. I would appreciate if the minister could advise whether such funds are still there for those kinds of purposes.

On the same issue, and while it may lie specifically in the portfolio of the Solicitor General, like others I have felt that the process of requiring fluently bilingual French RCMP officers in Alberta, for example, is entirely unnecessary, if not downright dangerous. Quite frankly, I think the issue is under control at the present moment, but it occasionally shows signs of becoming an agitation which, in my view, is highly unnecessary for this part of the world. If it doesn't specifically fall exclusively to the Solicitor General, I think the minister might address the problem of his federal counterparts telling us why we need RCMP officers in the province of Alberta who speak French.

Having said that, I think I'll leave the other issues that I spoke of last year for a different forum, but I would appreciate any reflections the minister might care to give us on the matters raised.

MR. CHAIRMAN: Does the hon. minister wish to respond?

MR. HORSMAN: Mr. Speaker, during the course of the remarks of my colleagues in the committee this evening, I have had a number of representations, which I will certainly pass on to the appropriate federal ministers. The department is named Federal and Intergovernmental Affairs, but that does not mean it assumes responsibility for all federal government actions or activities within Alberta, be it the issue of customs and immigration or others. As I say, it is a broad-ranging department, and obviously, I do have contacts with specific ministers, as I indicated in my opening remarks.

If I could, I think I'd like to try to tackle the subject of national defence and the role my department plays in that area. Alberta is a province in Canada; clearly, the responsibility for national defence under the Constitution of Canada rests with the federal government. At the same time, and in particular with reference to such things as national defence establishments in Alberta and the subject of cruise missiles testing over Alberta property, it has been the responsibility of the Department of Federal and Intergovernmental Affairs to relate directly to the federal government. In doing so, we regard our responsibility as that of making sure that the property, lives, health, and safety of Albertans are properly protected and that we are guaranteed by both the federal government and other allies in the North Atlantic Treaty Organization or NORAD, which is the air defence wing established in Canada and the United States, that we are properly protected. In other words, we make representation to the federal government with respect to those issues.

Nobody in this Legislative Assembly, nobody in Canada that I have ever met, advocates the use of nuclear arms. At the same time, we as a country are part of the North Atlantic Treaty Organization and other defence alliances to protect Canada and North America against unfriendly acts

by foreign powers. We have indicated to the federal government that we support their policies with respect to membership in the North Atlantic Treaty Organization and others. I have been quoted, as the hon. Member for Spirit River-Fairview has said, that some Albertans have been hoodwinked and led astray by political extremists. I repeat that I believe that to be the case. If people come in front of this Legislature Building, march, make accusations, write letters to me, to the Premier, to the editor, or to whomever, or make representations that in some way the government of Alberta is involved with national defence issues or is supportive of the use of nuclear armaments other than as part of our defence and deterrent system, then indeed they are misleading other Albertans, and I believe it is unfortunate to have that occur. I will say that that is the context in which I made my remarks on that particular subject.

This government does not believe in war. This government believes that the Canadian government does not believe in war or hostile acts, nor do we believe we should be participating in those except to defend the territorial integrity of this country and our allies, as we have agreed to do. That is quite clearly the position we have taken and the position that has been taken by the Premier on the occasions on which he has addressed that issue. But the subject of national defence is quite clearly a federal government responsibility.

Nonetheless, within Alberta there are national defence establishments, and I have had to deal with ministers of National Defence with such matters as the Sarcee Reserve, the training base that was located there, and the proposal to locate it elsewhere in the province. Likewise, I can indicate that over the years my department has had a close working relationship with the Department of National Defence with respect to the Suffield military block and the activities that take place there, in particular because Alberta Energy Company has the natural gas rights and works closely with the military, both the Canadian Armed Forces and the British army training unit there, in order to assure a co-operative use of that particular defence establishment. At Wainwright as well, there's a very large military establishment. I might add that those military activities are carried out for defensive, training purposes in this province, and we, as Albertans, do not object to that activity taking place within this province as long as the lives, health, and the safety of Albertans, are protected and maintained by the federal government and their military partners or allies as they carry out their training activities.

With respect, I might add the economic impact of the training of British army units in Alberta over the last several years, which has been carried out with remarkable co-operation. To the city of Medicine Hat, which is of particular interest to me, it has been a matter of considerable economic impact and provides considerable employment for the people of that community, and I'm sure the same would apply to other communities where these military bases are located. But in any event, I just wanted to underline that these are all carried out by the federal government, pursuant to carefully understood military alliances such as the North Atlantic Treaty Organization.

I think that deals with our position with respect to the subject of national defence. With regard to defence research, of course, that has been carried on in Alberta for decades both in the private sector and on military bases located in Alberta. It has not been the policy of our government to advocate to the federal government that they disengage in those activities, nor do I believe it to be appropriate for us to do so, and I don't intend to do so on this occasion.

Now if I could turn to other matters and answer some of the specific questions posed by the hon. Member for Spirit River-Fairview, who has asked for more details as to the activities of the various offices which we maintain as a government. I think I'll try to do it this way, Mr. Chairman. Each foreign office has a slightly different function, or in fact, dramatically different functions. There are two offices in Los Angeles and in Houston in the United States which are manned by an officer from the Department of Economic Development. In those cases, those are trade-related or industry-related offices dealing directly with that particular department, and the Department of Federal and Intergovernmental Affairs provides support services by way of a secretary in each case. Obviously, the Houston office is related to the oil and gas industry. The office in Los Angeles is more diversified because it handles such things as tourism inquiries, participation in investment seminars, some activities related to postsecondary education with regard to Canadian studies activities and, furthermore, since California is the largest single buyer of Alberta natural gas, has a very major role to play in contacts with our purchasers. That's the Los Angeles office summed up very quickly.

As I indicated, New York has a great deal to do with watching the Washington scene and advising of activities that are taking place in Congress and the administration there. In addition, in May last year the New York office held one of the most successful investment seminars this government has ever put on. It attracted people from the top echelons of business and investment to advise the people in that vital financial community of the investment opportunities and the economic climate that exist in Alberta. That's one example of the work done there. They are finding that more and more inquiries with respect to tourism find their way to the door. With interest growing with respect to the '88 Winter Olympics, there's quite a good deal of activity there as well. I just returned from a visit to New York. After I spoke to the Financial Post conference in Toronto on free trade with the United States, I visited our New York office. As a result of their arrangements, I was able to make contact with a number of people who are involved in investment banking and in the communications area so that we could let them know more about Alberta. In fact, I had a very interesting, lengthy lunch with the managing editor and members of the editorial board of the *New York Times* so that they could be aware of activities taking place in Alberta. That's the type of activity that goes on in New York.

With respect to specific trade areas, natural gas pricing and deregulation are very important issues. The question of trade irritants: the problems we're facing now with respect to countervail in the hog industry, for example, are being monitored by our New York office. We only have two employees who are Albertans. There is locally hired secretarial staff. Our one officer spends a good deal of time in Washington in contact with people both in the administration and Congress. In my discussion of this subject in the estimates last year I believe I mentioned the participation that we had in a co-operative way with other provinces with respect to the countervail action with regard to our forest products. We've also taken an active interest in trucking problems. Those are the types of activities that are carried out in the New York office. I thought that would be useful.

If I could just carry on and be more specific with respect to London, in the London office we have representatives from various departments of government. The Agent General is directly employed by the Department of Federal and Intergovernmental Affairs, but there are officers from Economic Development, Tourism and Small Business, and Manpower. Those officers have specific responsibilities not only with respect to the United Kingdom but, as I mentioned,

with respect to western Europe. It's a very busy place, as hon. members who have visited will know. There are cultural activities by Albertans taking place in the London office. The same thing is true with respect to New York. I might add that when I was in New York earlier this year, we hosted a reception for Angela Cheng, who was making her debut at the Lincoln center. At the Alberta agent's residence we entertained around several dozen people — it was very crowded — from New York entertainment and I think perhaps I'd better say from places like the Juilliard School of music and so on. This is the type of thing that goes on. It's a very diversified activity.

Of course, with trade we've done everything from promoting the sale of Canadian beef in Harrods in London to working closely with the Canadian Embassy and Canadian industry with respect to the export of coal, the promotion of oil sands, consideration in Japan, the subject of liquified natural gas. In particular with Hong Kong we've had activities relating to the development of the petrochemical industry in China, and of course, the subject of entrepreneurial immigration is at the present time a matter of very real concern in both the Hong Kong and London offices.

Those are some ideas. I hope that that gives a little clearer picture as to what those offices do.

With respect to what we do with the Canadian government, that was a very good question. I'm glad the hon. member asked it, because a very real oversight on my part in my opening remarks was I forgot to mention the role of the office we maintain in Ottawa. That office is staffed by our representative, Tom Wood. In his activities he is in constant touch with our Members of Parliament from Alberta, with members of the Cabinet, with members of government caucus from other parts of Canada, and with members of the opposition parties to make them aware of Alberta concerns with regard to agriculture. What are we now doing, for example, with the subject of red meat? Our Ottawa office has arranged for the fact, that today and yesterday, the ministers of Agriculture, Economic Development, and Housing, as chairman of a special committee of cabinet on red meat issues, are meeting there with federal cabinet ministers, federal Members of Parliament relative to that particular issue. That's been arranged through our Ottawa office and, of course, other matters such as the energy agreement just concluded was very importantly dealt with by Mr. Wood.

With respect to some other specific questions I'm afraid that on the subject of international trade in Nicaragua, I'm not in a position to answer that — that should be referred to my colleague the Minister of International Trade — except to say that I was rather disturbed to hear that one of the offshoots of that particular embargo might be that Nicaragua was looking to Canada as a place to sell the beef which they normally sold to the United States. Quite frankly, I hope that is not an offshoot of that particular development, because at the present time I think we're already suffering from too many beef imports from other nations. I'll leave that to my colleague the hon. Minister of International Trade to comment upon.

I want to turn, if I may, to a specific question that was raised by the Member for Calgary Currie. I thank him for his complimentary remarks about the various officials within the department who have assisted him and members of his Senate committee in the course of their deliberations. As he indicated quite clearly, their role was to provide service and not to direct their activities.

There's nothing in the budget for new offices, but it should be pointed out that we have increased our activities with the Atlantic provinces very substantially in the last few years. I have visited each of the Atlantic provinces and met with ministers responsible for intergovernmental affairs. I point out as well that the last Premiers' Conference was held in Charlottetown in August last year, and the next Premiers' Conference will be held in St. John's, Newfoundland, which will provide us with a much better contact with those governments on an elected official to elected official basis. Likewise, during the course of the very considerable number of conferences which have come about as a result of the new government's promised co-operation and consultation, we have come into close contact with members of the governments of the Atlantic provinces. I think that's a very healthy development. In fact, we received support in Regina, in particular, from the Atlantic provinces for our free trade proposals. That was very helpful to us in those discussions. Of course, our Premier deserves a great deal of credit for his personal knowledge and understanding of those various ministers.

With respect to whether or not we're ready to move on expansion of offices as proposed in the white paper, that of course, is still under consideration. No answer can be given. There obviously is nothing in this year's budget for that expansion, but consideration will certainly be given to that as we develop recommendations out of the white paper. In the summaries I have seen of representations made to the committee, which travelled throughout the province, there was general support by those people who commented on the foreign offices for expansion or upgrading of activities. I have noted that, and we'll be discussing that as we develop further.

A specific question raised by the hon. Member for Calgary Millican was with regard to whether or not this department is prepared to assist municipalities, particularly I would think, those who are promoting such things as twinning relationships. I can advise members of the Assembly that in the grants there is a modest amount of $20,000 set aside for that very purpose. So municipal governments who are going to such places as Daqing in Heilongjiang will be assisted by our department, not only in terms of us providing advice and assistance in advance but with dollars. It's a modest amount, but it is a start. Those funds will be available to municipal governments who are interested in twinning relationships in our sister provinces.

I noted the comments by the hon. Member for St. Albert with respect to postsecondary institutions in the United Kingdom. I can also briefly comment that in my departmental budget this year $100,000 is set aside for Canadian studies, not just in the United Kingdom but wherever Canadian studies are to be found. A great deal of that funding has in fact gone to the United Kingdom, to the Foundation for Canadian Studies there. They have a network through which they try to make those modest amounts go as far as possible. We have also been stepping up our funding for various Canadian studies programs in the United States. During the past year I have spoken at such places as the University of California at Berkeley, Johns Hopkins University, the international study centre in Washington, the Canadian Studies Center at Duke University, just last week at the Canadian study centre at Northwestern University at Evanston, Illinois, as well as such places as the Canadian institute for international affairs in New York City, to try to get the Alberta, western message across as best we can. So that is a little bit that we can do with respect to trying to improve the understanding in other countries with respect to Canada and western Canada in particular.

I want to comment, if I could, on the comments made by the hon. Member for Edmonton Belmont who said that I've been doing a lot of travelling and it's easier dealing with the new government than with the last. That's quite true. Since September 4 there's been a great deal more activity by way of consultation and discussion. We've been

asking for it for years; now we're getting it. I can assure the hon. members that the travel associated with it is much more extensive, and as hon. members know, travel is broadening in more ways than one. That's why I'm jogging again and going on a diet. In any event, it is true that we have a great deal more co-operation and consultation with the federal government.

I don't know whether I've covered all the questions or not with some of my general remarks. I think one question was raised by the hon. Member for Cardston who asked me to comment on the negotiations that are continuing between the federal and provincial governments and the native peoples as to aboriginal rights as outlined in the Constitution. As I indicated in my opening remarks, the First Ministers' Conference held in Ottawa did not succeed in arriving at a constitutional amendment. Alberta's position has been made clear by our Premier at that time and subsequently that we are not prepared as a government to agree to entrenching in the Constitution undefined rights to self-government and that we must work at this process in a different way.

We will, of course, be communicating that again at the next ministerial meeting which will take place — as I indicated, it was supposed to be by the end of May but perhaps will not be held now until the beginning of June. At the same time we are not going to stand still. Activities are under way with regard to the Metis people of Alberta, in particular, by my colleague the Minister responsible for Native Affairs. It's a difficult issue, and hon. members are aware of the position our government has taken. We will work toward improving the lot of our native peoples, but we think that will be done best outside the realm of a constitutional amendment. We have a commitment to deal with that.

There were some specific questions. I believe the hon. Member for Calgary McCall asked about the subject of conferences and missions and an explanation as to the fairly substantial increase we had in that particular area. I can advise him that with respect to conferences and missions, we have had a readjustment, but in fact, the grant of $200,000 to the Asia-Pacific Foundation in this fiscal year has changed that amount very considerably. That is where that is being reflected. As hon. members are aware, the Asia-Pacific Foundation has been established by an Act of Parliament, it is being supported by the federal government and several provinces, and we have committed $1 million over five years, and a $200,000 grant for this current fiscal year is included there, which has resulted in the substantial increase in that particular area.

The hon. Member for Edmonton Whitemud made a number of representations which I think I will pass on to my colleagues who have responsibility in those areas. He mentioned a story with respect to customs and immigration at the Edmonton airport. Those are unfortunate situations. When they are reported, we try to pass them on. I have had correspondence and meetings with the Rt. Hon. Joe Clark on the subject. As a matter of fact, I received a letter from him today in which he indicated his concern as well. Whether or not excessive zeal is applied here in Edmonton, I don't know. I could relate a horror story of my own, coming back from San Diego with my wife and three small children, having all the sand tipped out of sea shells my children had collected and all my bags unpacked, and then being forced to repack them. I don't know why. At the time I was the Minister of Manpower, dealing directly on almost a daily basis with the then minister of immigration, Lloyd Axworthy. Whether or not that was the reason we were singled out, I don't know, but I always suspected that might be the case. I say that in jest, of course. Nonetheless, those things do occur, and they are unpleasant. I assume that there are, of course, reasons for inspecting on a periodic basis various people who are coming in, but I will certainly pass on our concerns there once again.

With respect to bilingualism funding by the Secretary of State, I think that's an interesting point, as well as bilingualism for RCMP officers. Those are really matters that relate to responsibilities of other members of our government in their direct dealings with the federal government, but the representations have been noted.

The hon. Member for Edmonton Belmont isn't here, but he made reference to the border between Canada and the United States and whether or not in that we should be making representations as to who should come in and so on. I think I have to take a little issue with him on that. As long as they're not proposing to come into Canada and carry out activities which are destructive, criminal, or otherwise, I don't think we should be barring well-meaning people from coming into Canada or asking the federal government to deal in a negative way with people who come here in a well-meaning way. Whether they are right or wrong, in a free society such as ours and the United States', I think people should be free to move across the border between Canada and United States. I don't want to be unduly harsh with the hon. member, but I think it would be a mistake for us to try to make representations which would close our borders to people who are presumably here out of the goodness of their hearts, for whatever reason.

Mr. Chairman, I think I've said enough. If I've missed some of the questions that have been raised, I'd be happy to come back to them.

MR. CHAIRMAN: The chairman of the committee has received a message asking if the members of this committee know the score. The latest score I have is 3-2 for the Oilers.

MR. GURNETT: I appreciated much of the information the minister supplied, and it was very useful and thoughtful. I want to just follow up. One question he didn't respond to was whether or not this government is considering the possibility of introducing a resolution regarding a nuclear freeze for this province. I'd just like to make a couple of comments related to that, giving him an opportunity to respond to that.

As other hon. members and the minister talked about this whole issue of the nuclear problem, there was a lot of reference made to national defence and, in one case at least, I think the word "pacifism" was used. In case there's any misunderstanding from when I posed my questions earlier, I just want to emphasize that I recognize, and I think we all do, that there are going to continue to be conflicts between nations in the world just as there are between individuals. That's not going to disappear. My comments and questions for the minister were not directed to indicating that there should be an end to all national defence or all use of weapons in the world. For example, I think Canada and all of us should be very proud of the Canadian Forces' role in a peacekeeping way with the United Nations over the years. I think we should all be proud that our country and the leaders of it have chosen not to involve this country in the actual production of nuclear weapons. Those are good things.

But, specifically, my questions to the minister related to the whole issue of nuclear weapons, because those are a particularly new stage in this kind of violence in the world that is different and, in scale, far beyond anything we've ever dealt with. I think it needs to be approached differently,

and it's very important not to be indifferent or casual about this matter or to dismiss it lightly, because of the gravity of the problem. When you look at a world with 50,000 nuclear weapons, it's really just a question of how many times the United States or the Soviet Union can blow all of us up. So I was pleased that in his comments the minister recognized that the Legislature is a legitimate forum for this very important issue to be addressed by the people of Alberta.

I would be particularly interested in whether or not there is consideration being given to the introduction of a resolution similar to the one being introduced in Manitoba, similar to one that's been passed in many, scores of municipalities from villages to large cities in this country over the years. I think we must act strongly in this area. Certainly, an influential province like Alberta is making a clear statement to the federal government on this issue when they act on this.

In closing on this issue, because the minister referred to the fact that he didn't know of anyone who wanted war and would promote this, I would just mention that there is an area of concern amongst many of us about the fact that the United States' government, despite a number of opportunities to do so, has never agreed that they would not engage in a first-strike nuclear war. Obviously, that doesn't mean that they would engage, but it is a concern that they've never ruled out that option and, in fact, have developed the MX missile system which seems to have no other purpose than that.

In any case, without pursuing that further, Mr. Chairman, I would appreciate the minister taking a moment to respond or share some of his thoughts about the possibility of a nuclear freeze resolution being introduced in this province.

MR. HORSMAN: Mr. Chairman, the government has not given consideration to a resolution of that nature being introduced in this Assembly. I think the federal government has made it clear that it does not approve of nuclear armaments being used in time of war or as first-strike weapons. I can't stand here and delineate directly all the positions the federal government has taken with respect to this matter, but quite frankly, it would strike me that a motion by the Manitoba government that it is a nuclear-free zone would have very little effect if, in fact, the unthinkable occurred and a nuclear war did break out. All the resolutions in the world will not stop that.

If a bomb is coming or a missile is coming, a resolution isn't going to stop it. The only thing that can stop it, I think, is what is going on now in the world, and Canada has played an active role in trying to promote the major powers sitting down together and trying to work out disarmament agreements. To try to establish a mood of trust and understanding between nations is important. I think that can be done best by our federal government, and at this time I wouldn't propose to introduce a resolution similar to that in Manitoba in this Legislature.

Agreed to:

1.0.1 — Minister's Office	$236,663
1.0.2 — Administrative Support	$784,988
1.0.3 — Intergovernmental Affairs	$1,900,825
1.0.4 — Alberta Offices	$2,475,030
1.0.5 — Conferences and Missions	$773,500
1.0.6 — Translation Bureau	$175,800
Total Vote 1 — Intergovernmental Coordination and Research	$6,346,806
Department Total	$6,346,806

MR. HORSMAN: Mr. Chairman, there is a capital figure too, a tiny one. Is that to be included in this vote?

MR. CHAIRMAN: Which figure was that?

MR. HORSMAN: On vote 1, operating was $6,328,806 and capital $18,000.

MR. CHAIRMAN: That amount is included in the total amount to be voted.

MR. HORSMAN: I'm sorry. I didn't hear that. It was $6,346,806?

MR. CHAIRMAN: Yes.

MR. HORSMAN: I move that the vote be reported.

[Motion carried]

Appendix IX

List of Federal-Provincial Programs and Agreements in Effect in Alberta March 31, 1986 by Department Responsible

Advanced Education

1. Canada Student Loans
2. Charles Camsell Hospital Nursing Assistant Agreement
3. Citizenship Instruction and Language Textbook Agreement
4. Drumheller Correctional Institutional Education Program
5. Edmonton Penitentiary Agreement
6. Federal-Provincial Program for Assistance to Minority Language Instruction
7. Instructor and Administrator Staff Secondment
8. Post-Secondary Education Financing Program
9. Universities Academic Pension Board Canada Agreement

Manpower

1. Canada-Alberta Forestry Employment Budgetary Program Agreement
2. Canada-Alberta Immigration Agreement
3. Canada-Alberta National Training Act Agreement

Agriculture

1. Canada-Alberta Crop Insurance Agreement
2. Canada-Alberta General Research Agreement
3. Canada-Alberta Livestock Drought Assistance Agreement
4. Canada/Alberta/Saskatchewan/Manitoba Prairie Livestock Drought Assistance Agreement
5. Canada/Alberta Memorandum of Understanding for Agriculture and Food Development
6. Canada-Alberta Subsidiary Agreement on Agricultural Processing and Marketing
7. Comprehensive Egg Marketing Program
8. Comprehensive Turkey Marketing Program
9. Federal-Provincial 4-H Agreement
10. Milk Marketing Plan
11. National Tripartite Price Stabilization Schemes for Cattle, Hogs and Sheep (Red Meat Stabilization)

Alberta Disaster Services Commission

1. Emergency Health Services - Prepositioning of Emergency Medical Supplies

Alberta Housing Corporation

- See Housing and Public Works

Alberta Research Council

1. Alberta Research Council/National Research Council Contribution Agreement (IRAP)
2. Fuel, Lubricants, Liquid Nitrogen, and Oxygen Testing for the Department of National Defence

Attorney General

1. Compensation to Victims of Crime
2. Federal-Provincial Agreement on Criminal Legal Aid
3. Memorandum of Agreement Between Government of Canada and Government of Alberta Relating to the Privacy Act

Consumer and Corporate Affairs

1. Federal/Provincial Lottery and Sports Funding Agreement

Culture

1. Multilingual Biblioservice Agreement
2. National Museums Corporation Program
3. 1979 Agreement Respecting Lotteries

Economic Development

1. Product Development Program
2. Transportation Infrastructure and the Provision of Services Memorandum of Understanding

Education

1. Capital Grants to School Boards
2. Full-Time Monitor Program
3. Interchange on Canada Studies Inc.
4. Interprovincial Second-Language Monitor Program
5. Monitor Program for Francophones
6. Program of Cooperation for Bilingualism in Education
7. Protocol for Agreement Between Government of Canada and Government of Alberta for Minority Language Education
8. Summer Language Bursary Program

Energy and Natural Resources

1. Alberta/Canada Energy Resources Research Fund
2. Border Zone Agreement re: National Parks
3. Agreement Among the Governments of Canada, Alberta, British Columbia and Saskatchewan on Natural Gas Markets and Prices
4. Canada/Alberta Forest Resource Development Subsidiary Agreement
5. Canadian Energy Research Institute
6. Cold Lake Air Weapons Range Access Agreement
7. Energy Bus Program
8. Federal-Provincial Fire Cooperation Zone Agreement
9. Freshwater Fish Marketing Cooperation
10. Indian Reserve Fire Control Agreements
11. Interagency Forest Fire Centre Agreement
12. Interagency Mutual Aid Resources Sharing Agreement
13. Manyberries Range Experimental Station
14. Memorandum of Understanding Concerning the Coordination of Forest Research
15. Namao Airport Lease Arrangement
16. Natural Resources Transfer Agreement
17. Primrose Lake Air Weapons Agreement
18. Suffield Block Agreement
19. Swift Fox Agreement
20. Wainwright Military Camp Agreement
21. Waterfowl Crop Damage Compensation Program
22. Waterfowl Crop Damage Prevention Program
23. Wood Bison Agreement

Energy Resources Conservation Board

1. Arrangement on Drill Cuttings

Environment

1. Active and Inactive Landfill Site Study
2. Canada-Alberta Accord for the Protection and Enhancement of Environmental Quality
3. Canada-Alberta Agreement on Hydrometric Stations
4. Canada-Alberta Meteorological Programs and Stations Agreement
5. Irrigation Rehabilitation Program
6. MacKenzie River Basic Committee
7. Peace-Athabasca Delta Implementation Agreement
8. Prairie Provinces Water Board Agreement

Federal and Intergovernmental Affairs

1. Alberta-Canada Funds Transfer Agreement
2. Canada Alberta Economic Regional Development Agreement
3. Memorandum of Agreement on the Transit Pipeline Treaty
4. Memorandum of Agreement on Administrative Matters for the Alaska Highway Gas Pipeline
5. Memorandum of Understanding on Environmental Surveillance for the Alaska Highway Gas Pipeline

Government Services

Public Affairs Bureau

1. Metric Conversion Information Centre Agreement
2. Visiting Journalists Program

Hospitals and Medical Care

Health Care Insurance

1. Alberta Health Care Insurance Plan

Hospital Services

1. Alberta Hospitalization Benefits Plan
2. Hospital Supplementary Insurance Fund

Housing and Public Works

1. Sales Tax Refund

Alberta Housing Corporation

1. Canada/Alberta Global Agreement on Social Housing
2. Community Housing Program
3. Municipal Non-Profit Housing Program
4. Rural and Native Housing Program
5. Rural Home Assistance Program
6. Senior Citizens Self-Contained Program

Municipal Affairs

1. Canyon Creek Wharf Agreement
2. Enhanced Value Loan Agreements
3. Fort Chipewyan Water Pipeline Agreement
4. Hamlet of Suffield Water Agreement
5. Intergovernmental Committee on Urban and Regional Research (ICURR)

Native Affairs

1. Memorandum of Understanding on Native (Indian/Metis) Development

Recreation and Parks

1. Operation Parkwatch

Social Services and Community Health

1. Blackfoot Social Services Society - Canada-Alberta Child Welfare Agreement
2. Canada Assistance Plan
3. Child Welfare Services to Treaty Indians
4. Family and Community Support Services (on Frog Lake and Saddle Lake Reserves)
5. Lesser Slave Lake Indian Regional Council - Canada-Alberta Child Welfare Agreement
6. National Health Grants: Research Program
7. National Welfare Grants
8. Social Allowance to Treaty Indians
9. Vocational Rehabilitation of Disabled Persons Agreement
10. Social Services System Development

Solicitor General

1. Accreditation and Funding of Community Residential Centres
2. Community Assessment and Parole Supervision
3. Exchange of Correctional Services Agreement
4. Firearms Control Agreement
5. Native Courtworker Program
6. RCMP Provincial Policing Contract

Technology, Research and Telecommunications

1. Canada/Alberta Memorandum of Understanding with Respect to Science and Technology

Tourism and Small Business

Tourism (Travel Alberta)

1. Familiarization-Education Tours for the Travel Trade/Visit Canada Program for the Travel Press
2. Memorandum of Understanding Concerning the Canada/Alberta Tourism Development Strategy
3. Tourism Development Subsidiary Agreement
4. Canada/Alberta Subsidiary Agreement on Northern Development

Small Business

1. Memorandum of Understanding on Canada/Alberta Task Force on Deregulation and Paper Burden

Transportation

1. River Crossing Structures in Indian Reserves

Treasury

1. Canada Pension Plan Investment Fund
2. Established Programs Financing
3. Federal-Provincial Cost-Sharing Agreement on Cooperative Annual Survey of Salaries, Wage Rates and Working Conditions
4. Fiscal Equalization Payments
5. Fiscal Stabilization Payments to Provinces
6. Provincial Personal Income Tax Revenue Guarantee Payments
7. Public Utility Corporations Income Tax Rebate
8. Statutory Subsidies
9. Tax Collection Agreement
10. Transfer Payments with Respect to Tax on 1971 Undistributed Income on Hand

Appendix X

International Agreements Involving Alberta, in Effect March 31, 1986, by Department Responsible

Following is a list of international agreements involving Alberta Government departments and agencies. The list does not include agreements between Alberta and federal agencies for the performance of contracts in foreign countries, as these constitute federal-provincial rather than international agreements.

Advanced Education

1. Memorandum of Understanding between Advanced Education and the Vocational and Industrial Training Board of Singapore

Agriculture

1. Agriculture Sub-Agreement to Protocol of Understanding and Friendship with the Province of Heilongjiang, People's Republic of China
2. Agricultural Cooperation Agreement with the State of Alaska, United States of America
3. Memorandum of Understanding with the State of Montana, United States of America, concerning cooperation in research and control of dryland salinity
4. Alberta-U.S.S.R. Memorandum of Reciprocal Visits of Alberta and Russian Soviet Federated Socialist Republic Ministers of Agriculture. (Signed September 16, 1985)
5. Alberta-U.S.S.R. Agreement on the Cooperation and Establishment of Direct Relations between Alberta Agriculture and the Russian Soviet Federated Socialist Republic State Committee for the Agri-Industrial Complex (Gosagroprom) (Signed February 5, 1986)

Alberta Research Council

1. Agreement for Conducting Atmospheric Measurements in the Bering Sea with the National Oceanic and Atmospheric Division, United States Department of Commerce
2. Agreement on Exchange and Cooperation of Science and Technology between the Alberta Research Council and Heilongjiang Academy of Sciences (Signed May 21, 1985)

Alberta Oil Sands Technology & Research Authority (AOSTRA)

1. Letter of Understanding between AOSTRA and Yaciemientos Petrolifero Fiscales (YPF) of Argentina
2. Letter of Cooperation between AOSTRA and the Daqing Petroleum Institute of the People's Republic of China.
3. Letter of Cooperation between AOSTRA and the Hungarian Hydro-carbon Institute
4. Memorandum of Understanding between AOSTRA and the Research Association Petroleum Alternatives Development (RAPAD) of Japan.
5. Letter of Understanding between AOSTRA and Petroleos des Peru (PETROPERU) of Peru
6. Memorandum of Agreement among AOSTRA, the Department of Energy, Mines and Resources (Canada), the Saskatchewan Department of Mineral Resources, and the United States Department of Energy (2 Agreements)
7. Letter of Understanding between AOSTRA and Instituto Technologico Venezolano Del Petroleo (Intevep), of Venezuela
8. Letter of Cooperation between the AOSTRA and the Xinjian Petroleum Administration (Signed May 5, 1985.)

Environment

1. Contractual Agreement with the Commonwealth Institute of Biological Control, headquartered in Switzerland
2. Memorandum of Agreement with the National Earth Satellite Service of the United States Department of Commerce

Federal and Intergovernmental Affairs

1. Protocol of Understanding and Friendship between Alberta and the Province of Heilongjiang, People's Republic of China
2. Proclamation of Friendship and Affiliation between Alberta and the Prefecture of Hokkaido, Japan
3. Proclamation between Alberta and the Province of Kangwon, Republic of Korea

Labour

1. Alberta (Boilers and Pressure Vessels Branch, General Safety Services Branch, Department of Labour) - Romania (Inspection Organization, Pressure Vessels and Hoisting Equipment) Inspection Agreement (Signed November 15, 1985)

Recreation and Parks

1. Sports Exchange Agreement with the Hokkaido Amateur Sports Association (HASA), of Japan.
2. Sports Exchange Agreement with the Prefecture of Heilongjiang, People's Republic of China

Transportation

1. Uniform Vehicle Registration Proration and Reciprocity Agreement among Alberta, the Province of British Columbia, and various states of the United States of America
2. International Registration Plan - registration reciprocity agreement among Alberta and various states of the United States of America